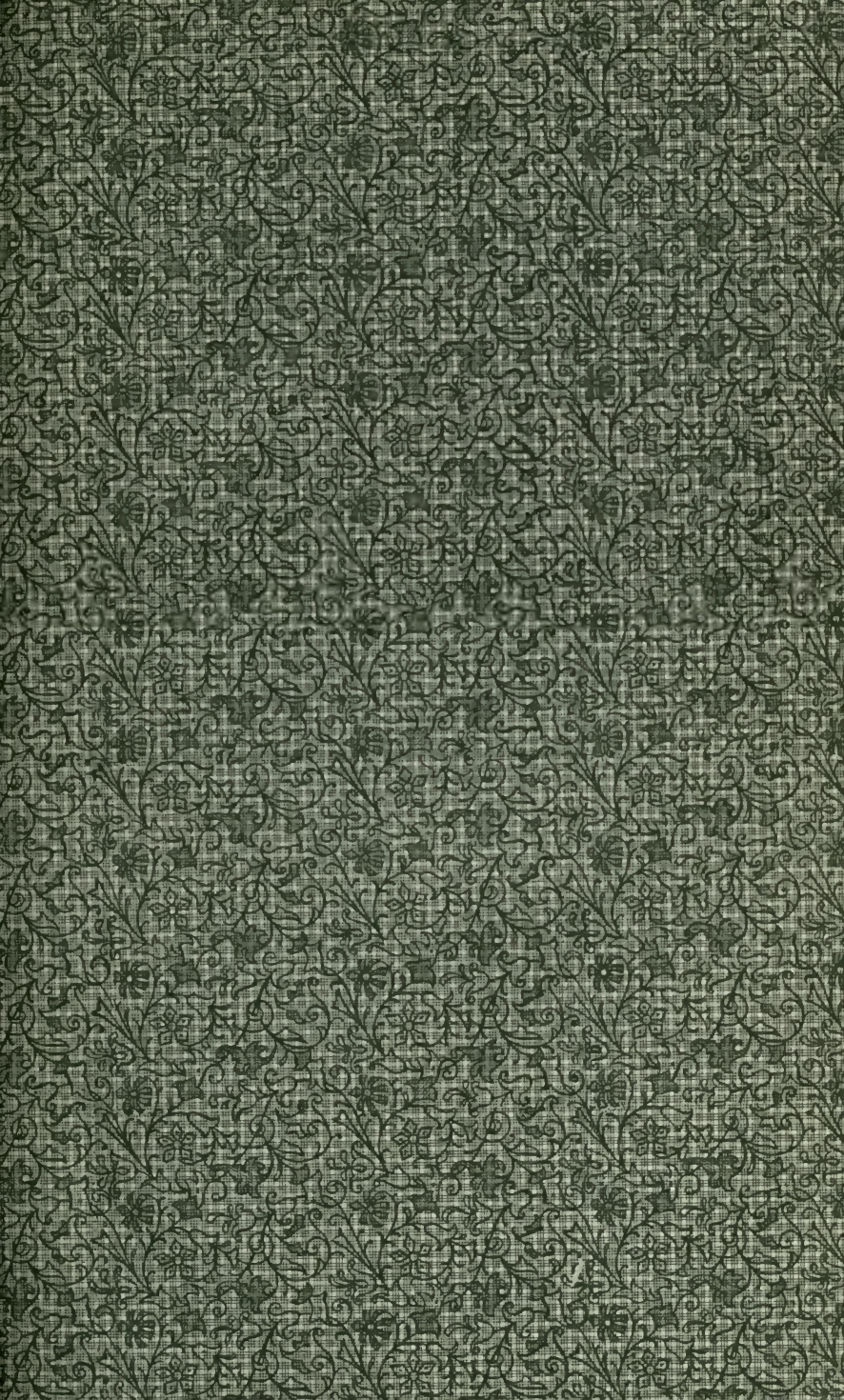


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INTERNATIONAL BIMETALLIC CONFERENCE.

MANSION HOUSE, LONDON,

May 2nd and 3rd, 1894.

Chairman:

The Right Hon. The LORD MAYOR OF LONDON.

REPORT OF THE PROCEEDINGS



PRICE SIXPENCE.

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MANCHESTER: J. F. CORNISH, ST. ANN'S SQUARE.

GENERAL

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INTERNATIONAL BIMETALLIC CONFERENCE.

MANSION HOUSE, LONDON.

May 2nd and 3rd, 1894.

Chairman :

THE RIGHT HON. THE LORD MAYOR OF LONDON.

The following were amongst those who accepted invitations to the Conference :—

Austria-Hungary.—Professor Milewski, Professor of Political Economy, University of Cracow.

Belgium.—Mons. Alphonse Allard, Honorary Director of the Mint, Brussels; and Mons. Georges de Laveleye, Brussels.

France.—Mons. Henri Cernuschi, Paris; Mons. Edmond Théry, Paris; a Delegation from the “Société des Agriculteurs de France,” consisting of Mons. d’Aillières, Deputy, Mons. le Baron de Ladoucette, Mons. le Comte de Terves, Mons. René Lavollée, late Consul-General, and Mons. Teissonnière, General Secretary of the Société; Professor R. G. Levy, Ecole Libre des Sciences Politiques, Paris; and Monsieur Francis Laur, Paris.

Germany.—Dr. Otto Arendt, Member of the Prussian Diet, Berlin.

Holland.—Mr. N. P. van den Berg, President of the Bank of the Netherlands, Amsterdam; and Mr. G. M. Boissevain, Amsterdam.

Australia.—Mr. David Murray, Adelaide, S.A., late President of the Adelaide Chamber of Commerce (representing the South Australian and Victorian Branches of the Bimetallic League), Mr. George P. Doolette, of Adelaide, S.A., and Mr. Arthur McDonald, Dunedin, New Zealand.

His Grace the Duke of Norfolk,
K.G., E.M.

His Grace the Duke of Fife, K.T.

The Rt. Hon. the Earl of Dudley

The Rt. Hon. Lord George Hamilton,
M.P.

The Rt. Hon. Lord Claud J.
Hamilton

The Rt. Hon. Lord Addington

The Rt. Hon. Lord Castletown

The Rt. Hon. Lord Sherborne

The Rt. Hon. A. J. Balfour, M.P.

The Rt. Hon. Henry Chaplin, M.P.

The Rt. Hon. Henry Matthews,
M.P.

The Rt. Hon. Leonard H. Courtney,
M.P.

The Rt. Hon. Wm. Lidderdale

Earl Compton, M.P.

Hon. A. de Tatton Egerton, M.P.

Hon. and Revd. E. Lyttleton	John Addison, Q.C., M.P.
Hon. Evelyn Hubbard	T. B. Bolitho, M.P.
Col. The Hon. F. C. Bridgeman, M.P.	Gilbert Beith, M.P.
Sir Hector M. Hay, Bart.	G. H. Finch, M.P.
Sir Henry Meysey-Thompson, Bart., M.P.	A. B. Freeman-Mitford, M.P.
Sir William H. Houldsworth, Bart., M.P.	J. Rankin, M.P.
Sir F. Seager Hunt, Bart., M.P.	S. Storey, M.P.
Major-Gen. Sir C. W. D'Oyley, Bart.	H. Seton-Karr, M.P.
Sir R. H. Paget, Bart., M.P.	W. W. B. Beach, M.P.
Sir Mark J. Stewart, Bart., M.P.	Alban G. H. Gibbs, M.P.
Sir J. E. Dorrington, Bart, M.P.	Vicary Gibbs, M.P.
Sir Samuel Montagu, Bart., M.P.	T. H. Sidebottom, M.P.
Sir Richard E. Webster, G.C.M.G., M.P.	C. Bill, M.P.
Lt.-Gen. Sir Andrew Clarke, G.C.M.G., C.B., C.I.E.	E. F. Vesey Knox, M.P.
Gen. Sir George Chesney, K.C.B., M.P.	Alexander Cross, M.P.
Sir Alfred Lyall, K.C.B., K.C.I.E.	Samuel Smith, M.P.
Sir Andrew R. Scoble, K.C.S.I., M.P.	George Whiteley, M.P.
Surgeon-General Sir W. Davies, K.C.S.I.	G. Wyndham, M.P.
Sir David Barbour, K.C.S.I.	Stephen Williamson, M.P.
Sir Auckland Colvin, K.C.S.I., K.C.M.G.	George Howell, M.P.
Sir Lepel H. Griffin, K.C.S.I.	J. H. Wilson, M.P.
Alderman Sir David Evans, K.C.M.G.	Charles Fenwick, M.P.
Sir Henry S. Cunningham, K.C.I.E.	W. H. Long, M.P.
Sir Malcolm Fraser, K.C.M.G.	J. W. Maclure, M.P.
Sir Edgar Vincent, K.C.M.G.	H. Shepherd Cross, M.P.
Sir James Mackay, K.C.I.E.	S. Field, M.P.
Sir Guilford L. Molesworth, K.C.I.E.	R. G. C. Mowbray, M.P.
Sir A. Hickman, M.P.	Lt.-Col. A. Lockwood, M.P.
Sir Joseph N. McKenna	F. Tress Barry, M.P.
Sir W. J. R. Cotton	A. Baldwin, M.P.
Sir P. Nickalls	P. A. Muntz, M.P.
Sir J. H. Puleston	Col. J. P. Nolan, M.P.
Sir Alexander Wilson	George Lambert, M.P.
Lieut.-Gen. Richard Strachey, C.S.I.	J. Seymour Keay, M.P.
R. B. Chapman, C.S.I., London	H. S. Foster, M.P.
Henry Hucks Gibbs, President, Bimetallic League	C. A. V. Conybeare, M.P.
H. R. Grenfell, Chairman, General Council, Bimetallic League	Wilson Lloyd, M.P.
Alderman and Sheriff Dimsdale	R. Lacey Everett, M.P.
	Florence O'Driscoll, M.P.
	R. G. Webster, M.P.
	A. D. Provand, M.P.
	Robert Barclay, Manchester, Chairman of Executive Committee of Bimetallic League
	Reginald E. Johnston
	S. Steuart Gladstone
	Robert Henderson

The Parliamentary Committee of the Trades Union Congress, of whom the following were present:—

Charles Fenwick, M.P., Secretary
J. H. Wilson, M.P.
James Mawdsley, Manchester
E. Cowie
W. Inskip

J. Hodge, Manchester
J. M. Jacks, Glasgow
Alderman Ben Tillet, London
David Holmes, Burnley

Delegates from the United Textile Factory Workers :—

David Holmes, Burnley, Chairman
Wm. Mullins, Manchester, Vice-
Chairman

Thos. Ashton, Oldham, Treasurer
Mr. James Mawdsley, Manchester,
Secretary

Mr. Arrandale, Manchester, Chairman of the Manchester and Salford Trades' Council

Mr. George D. Kelley, Manchester, Secretary ditto

Professor J. S. Nicholson, M.A., D.Sc.
Professor H. S. Foxwell, M.A.
Professor Wm. Smart, M.A., LL.D.
Professor Robert Wallace
R. H. Inglis Palgrave, F.R.S., Great
Yarmouth
L. L. Price, M.A., Oxford
Philip H. Wicksteed, M.A.

H. Higgs, B.A., LL.B., London
Lieut.-Gen. W. Gray
Lieut.-Gen. R. H. Keatinge, V.C.,
C.S.I.
Major-General G. H. Saxton
Lt.-Col. H. E. Dolphin
Col. T. Cadell, V.C.
Col. T. M. Ward

R. Attenborough, Northampton
E. Ascoli, Manchester
G. T. Addis, Liverpool
F. B. Blake, London
G. A. Batchelor, London
S. H. Blockey, London
John A. Beith, Manchester
A. S. Betts-Chapman, Manchester
J. W. Broadbent, London
E. F. Baillon, London
O. J. Baggally, London
W. W. Baggally, London
Seward Brice, Q.C., London
H. R. Beeton, London
M. Burnell-Tubbs, London
W. Birch, Junr., Manchester
E. Belfour, London
F. S. Bishop, Swansea
T. A. Bennett, London
G. H. Burnett, London
T. Barton Higson, London
M. Bell, London
Geo. Batten, London
A. Cotterell-Tupp, London
J. B. Concannon, London
Hammond Chubb, London
Andrew Currie, London
H. Coke, London
H. Carlisle, London
C. A. Cooper, London
Frank C. Capel, London
F. B. Crouch, London
E. Cox, Dundee
A. Conder, London
Rev. Canon Cromwell, M.A., Braintree
W. F. Carter, London
E. Crewdson, Manchester
A. Casella, London

W. E. Dorrington, Manchester
E. de Wael, London
Sligo de Pothonier, London
E. C. d'Eyncourt, London
W. H. Duignan, Walsall
G. Handasyde Dick, Glasgow
H. Dickenson, London
J. A. Duncan, Glasgow
J. M. Douglas, London
H. A. Dodds, London
Samuel Digby, London
E. F. Duncanson, London
F. Eisenlohr, London
A. G. Ellis, London
E. M. Pearce Edgcumbe, Dorchester
R. A. Elkin, London
A. von Ernsthausen, London
F. J. Faraday, Manchester
J. P. Fleming, London
Max Firmberg, London
J. D. Farrell, London
Francis B. Forbes, Paris
W. H. Gibson, Haddington, N.B.
J. Gordon, Nigg, N.B.
W. H. Grenfell, Maidenhead
B. Gonzalez, London
Herbert C. Gibbs, London
R. W. Granville-Smith, London
T. A. Green, London
R. S. Gundry, London
J. Howard Gwyther, London
G. H. Gwyther, London
M. P. Grace, London
Rev. J. C. Girling, Cotteshole
A. S. Graham, Glasgow
Emile Granier, Paris
A. Hermandez, London
Thos. Hanbury, London

J. W. Hart, London
 R. E. Haslam, Southport
 Charles Hoare, London
 H. G. Hayter, London
 J. H. Howell, Bristol
 G. Harrison, Manchester
 E. M. Horne, Accrington
 S. Hardeman, Southport
 Lewis Haslam, Bolton
 D. L. Holmes, London
 J. P. Heseltine, London
 J. Hargreaves, Blackburn
 O. E. Hayter, London
 W. G. Howell, London
 Alfred Harwood, Ipswich
 A. Henderson, Edinburgh
 E. Hartley, Preston
 Walter Houldsworth, Coltness, N.B.
 James Houldsworth, London
 Henry H. Houldsworth, Manchester
 S. Dana Horton
 J. R. Hepburn, Manchester
 Gonsuke Hayaski, H.I.M.'s Consulate in London
 J. Hunter, London
 Arthur Ilbert, Upwey
 J. Jackson, Sheffield
 Rev. K. Jameson, London
 H. J. Jennings, London
 E. Kennedy, London
 W. Keswick, London
 H. Lambert, London
 E. Langley, London
 C. C. Laing, London
 R. Lamond, LL.B., Glasgow
 Capt. F. C. Loder-Symonds, Chairman of the Bimetallic Committee of the Central Chamber of Agriculture.
 George Lees, Oldham
 J. Robertson Luxford, London
 E. C. Morgan, London
 David McLean, London
 R. T. Mallet, London
 J. A. Maitland, London
 C. Macdonald, Manchester
 J. M. Macdonald, London
 T. Mackenzie-Ledlie, London
 J. O. Miller, London
 J. S. Mackenzie, M.A., Cambridge
 P. L. Mills, Nottingham
 Hugh M. Matheson, London
 J. B. Martin, London
 F. W. Maude, London
 D. Naily, London
 W. F. G. Normand, Dysart, N.B.

F. H. Norman, London
 C. P. Oates, London
 E. A. O'Brien, London
 W. Paterson, London
 C. Parkinson, Worcester
 T. E. Powell, London
 J. Oscar Parker, Birmingham
 C. Pakeman, London
 David Russell, Dundee
 J. F. L. Rolleston, Leicester
 A. E. Rodewald, Liverpool
 G. D. Rowe, London
 C. D. Robertson, London
 J. Barr Robertson, London
 Hugh Roger, London
 A. G. Renshaw, London
 W. T. Rothwell, Manchester
 David Reid, London
 H. D. Stewart, London
 Leopold Solomons, London
 Ernest Seyd, London
 David Spence, Manchester
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 Walter A. Sandeman, London
 W. M. Strachan, London
 Hermann Schmidt, London
 J. Schack Sommer, Manchester
 E. Sassoon, London
 I. Seligman, London
 George Shipton, London
 I. Stott, Brighouse
 Thomas Salt, Stafford
 W. Shepherd, Dundee
 E. P. Squarey, London
 D. E. Stephens, Carmarthen
 W. Sturdy, London
 W. Taylor, Blackburn
 P. D. Thomson, London
 H. S. Trower, London
 J. Thomson, Manchester
 R. Vicars-Boyle, C.S.I., London
 C. von Buch, London
 H. E. Vardon, London
 J. M. White, Dundee
 H. L. Wethered, Clifton
 Thomas A. Welton, London
 C. Wooley, London
 Thomas Walsh, Paris
 A. Weston Jarvis, London
 T. H. Whitelaw, Glasgow
 W. Stewart Young, London
 A. Zimmermann, London
 and
 Henry McNiel, General Secretary of the Bimetallic League.

The following were amongst the Letters of Apology received:—

ARCHBISHOP'S HOUSE, DUBLIN,

30th April, 1894.

DEAR MR. M'NIEL,

I feel it a great privation that I cannot have the advantage of being present at the International Bimetallic Conference. I am hindered from leaving Dublin by a series of diocesan engagements which inexorably require my presence at home.

Am I correct in assuming that a full report of the proceedings of the Conference will be published? There must be many who are looking out, no less anxiously than I am, for the publication both of the papers that are to be read, and of the discussions that will take place upon them. It is not often that a great question of practical science has the advantage of being discussed and elucidated by a body of experts so competent as those who are now about to meet in conference, so many of whom, if I may take the liberty of saying it, are adepts in the art of putting their views upon the most complex controverted questions before their fellow-countrymen in words that all can follow.

I am, of course, especially glad to see that Sir William Houldsworth intends to deal with that aspect of the case, in which we in Ireland are most deeply concerned—the ruinous effects of the present artificially-created dearth of money upon the agricultural interest. It can hardly be necessary for me to say to you that my views upon that aspect of the case remain unaltered, precisely as I stated them in full detail in my pamphlet last year.

As to the Currency question in its more general aspects, I have only now to say that the experience accumulated since this time twelve months, from month to month, and, I might almost say, from week to week, has but served to deepen my conviction of the irresistible strength of the case in favour of International Bimetallism.

The practical failure of the recent experimental tampering with the currency difficulty, as it is felt in India, ought surely to be sufficient to give a final check to the further development of the disastrous doctrinaire policy in currency

matters which, no matter what set of statesmen have been in power, has so long held its ground in England. With the exception perhaps of the interesting topic that will form the subject of Mr. Courtney's paper, I know of no branch of the case which it is of higher importance to have lucidly dealt with for the information of the public than this of "the vanishing rupee," the effects of the gradually lessening value of the silver coinage upon the interests of India, the widespread influence of the perilous state of things thus created, the attempt made last year to stave off the difficulty by artificial means, and the failure of that attempt, a failure now sufficiently obvious to all skilled observers, and all but openly acknowledged by its authors themselves.

I remain, Dear Mr. M'Niel,

Faithfully yours,

WILLIAM J. WALSH,

Archbishop of Dublin.

(*Translation.*)

BANK OF FRANCE, PARIS,

23rd April, 1894.

To the GENERAL SECRETARY,

Bimetallic League.

My absence has prevented my replying sooner to yours of the 11th inst., which I regret.

I applaud with both hands your resolution of getting together in London an International Bimetallic Conference. The Silver question imposes itself more and more every day on the attention of the financiers of the whole world, it requires a solution in the general interest, it is intimately bound up with the commercial and industrial prosperity of all nations.

I had the honour of presiding in 1881 at the International Monetary Conference which met in Paris, and in 1889 at the Monetary Conference of the Universal Exhibition. I am, therefore, a resolute partisan of the rehabilitation of silver, and actual facts can only confirm

me in my settled conviction. Hence it is with great sincerity that I wish your Conference all success; its deliberations will have a large circulation; they will constitute, I feel sure, to the advancement of a solution ardently desired by all who understand that the monetary question is one of those which, in the present day, must be dealt with, if the present condition, so fatal to business, is to cease.

I regret that at the present time of the year it is impossible for me to leave home, but I console myself with the knowledge that France will be represented by my friend Henri Cernuschi, the inspired and resolute apostle of silver, and by my friend Edmond Théry, the director of the "Economiste Européen," who has succeeded in his recent work in handling the question with an authority which has struck all men.

Pray present my excuses to the members of the Conference, and believe me, etc.

J. MAGNIN,

*Vice-President of the Senate and Governor
of the Bank of France.*

From Mons. DE FOVILLE, Director of the French Mint.

(*Translation.*)

PARIS,

4th April, 1894.

DEAR SIR,

My duties at the Mint do not allow me to respond to your call for the 2nd and 3rd May, but I thank you for having thought of me.

You are about to discuss a problem, the importance of which is only equalled by its difficulty; and as the root of the question lies in London, it is in London that the discussion can most usefully take place. I hope that the labours of the Conference will be published in their entirety, and that you will compensate me for my absence by forwarding me a copy.

Receive, etc.,

A. DE FOVILLE.

From Baron VON KARDORFF.

BERLIN, den 24 April, 1894.

DEAR SIR,

Many thanks for your kind invitation to the International Conferences you have arranged for the second and third day of May at the Mansion House.

I would have been delighted to make there the personal acquaintance of the Right Honourable Mr. Balfour and other distinguished members of the Bimetallic League; but, unfortunately, official duties I have to look after, being first magistrate—Landrath—in my Silesian county, will not give me the liberty to leave home in the first week of May.

My friend the Count of Mirbach, notwithstanding his first refusal, will come to the meeting with Dr. Otto Arendt, who may tell you something of the good work we have done here.

Yours faithfully,

VON KARDORFF.

To the President of the Bimetallic League,

HENRY HUCKS GIBBS, Esq.

From Professor FRANCIS A. WALKER.

Boston, U.S.A., April 19th, 1894.

DEAR MR. MCNIEL,

I exceedingly regret that it is not in my power to attend the Conference of the Bimetallic League at the Mansion House on the 2nd of May.

Gladly would I cross the ocean did my subsisting engagements permit, to carry the greeting of the Bimetallists of the United States to those who are making such a gallant and gaining fight in England for the restoration of silver to its historical place in the currencies of the world.

But I am tied down at home by duties and cares from which I cannot, at this season, release myself, and must therefore be content to send my heartiest congratulations and good wishes.

I am, Dear Mr. McNiel,

Faithfully yours,

FRANCIS A. WALKER.

From Professor E. BENJ. ANDREWS, President of Brown
University.

Providence, Rhode Island, U.S.A.,

April, 1894.

MY DEAR MR. MCNIEL,

I am greatly your debtor for the interesting information conveyed in yours of the 31st March. It is a delight to all of us here to know that interest in bimetallism is so encouraging in the City of London.

Now, as to your important meeting with delegates present from different nations. That is precisely the Scheme I have been thinking of for months, and I sincerely hope and pray that it will be a great success. You gentlemen in England occupy the central point in this great fight.

I have conferred with General Walker, and much to my sorrow I find that neither he nor myself can possibly be with you on that occasion, but we will try to send you someone else. Our cause is making rapid progress. A committee parallel with ours has been started in Chicago, led by the very ablest business men in that city. We are certain to succeed.

Again thanking you for all your kindness, and always ready to do what I can in return.

Sincerely yours,

E. BENJ. ANDREWS.

From Professor E. SUESS,

University, Vienna,

DEAR SIR,

April 20th, 1894.

I beg you and the Bimetallic League to accept my respectful and cordial thanks for the honour of your kind invitation, and beg also to transmit my thanks to the Lord Mayor for his kind invitation. I am extremely sorry to say that it is not possible for me to come to London in the beginning of May.

You are fighting for a good cause; I am extremely happy to hear that you are making progress in the City,

and I wish and sincerely hope that your exertions will be crowned with success.

You ask me about the English edition of my book on precious metals, I have only published a small book on the future of gold in 1877. Of this an English translation has not been printed, but several years later, the late Mr. Emile de Laveleye gave an extensive abstract in one of your periodicals; I believe in the *XIX. Century*. In 1892 I published another small book on the future of silver, and an English edition of this has been printed and distributed in great numbers by the Finance Committee of the U.S. Senate. I have taken leave to send you a lot of copies by yesterday's post, and would be very much obliged if you would kindly send one of these copies to A. Sauerbeck, Esq., 3 Moorgate Street Buildings.

I repeat my very best thanks and pray to believe me,

Dear Sir, your very obliged,

E. SUESS.

From Mr. H. W. CANNON, President of the Chase
National Bank.

THE CHASE NATIONAL BANK,

NEW YORK, *April 17th, 1894.*

MY DEAR SIR,

I regret that business engagements will prevent my accepting the kind invitation of your Council to participate in the Demonstration and Conference on International Bimetallism, to be held at the Mansion House, London, on the second proximo.

The proceedings of your meeting will excite great interest throughout the civilized world. It is, I believe, now generally conceded that the responsibility for the solution of the silver problem rests upon the people of Great Britain, and the other nations look to your Government to settle the status of silver as a money metal, and to decide whether or not the mints of the various nations shall again be opened to its coinage, or whether the demonetization of the white metal shall be complete and continuous.

International Conferences and Monetary Commissions, composed of the most learned and distinguished men in

Monetary Science throughout the world, have met during the last few years and discussed the statistics of trade and of the precious metals. Unquestionably the intelligent and exhaustive inquiries which have been made by the various conferences and commissions have been of great service in increasing the knowledge of the people of the world as to uses of metallic money, and as to the relation of gold to silver. Unfortunately, however, no practical result, so far as the use of gold and silver as money upon a common International basis, has been reached, and the determination of Great Britain to continue a gold monometallic nation has done much to discourage those who believe that it is for the best interests of mankind to use both gold and silver as full legal tender money at a common ratio, and the United States has been compelled to close its mints to the coinage of silver and to adopt gold monometallism.

It has been charged by the opponents of international bimetallism that the United States is particularly interested in the silver question, because it is a large producer of silver and wishes to provide a market for that product. It is true that the mines of the United States are capable of producing annually from fifty to sixty million ounces of silver, but silver mining with us is purely a private enterprise, in which the Government has no pecuniary interest, and has been carried on as an important industry in only six of the forty-four States comprising the Union, and in three Territories. Taken as an industry, it is insignificant when compared with the other products of our great country. Our enormous agricultural, manufacturing and commercial interests employ the great majority of our people, and they need an annually increasing amount of money to properly transact their business and conduct their enterprises. In this country the sentiment is almost universal that both gold and silver should be used as legal tender money if a common ratio can be established by international agreement between the principal nations of the world.

From our standpoint the interest of Great Britain in the re-establishment of a ratio between gold and silver is identical with that of the United States, only greater in degree, for if gold is to be the sole money of the civilized world, and if silver is to be abandoned as a money metal, what will be the value of the immense stock of silver in India and the East, and silver coins in circulation and held

by the great banks of Europe as a basis for the redemption of outstanding notes? How can a stable rate of exchange be fixed and maintained between gold and silver under existing conditions?

It would seem that the citizens of Great Britain have a greater and more vital interest in the stability of such exchange than any other nation in the world by reason of her complex and extended commercial relations. If the Government of Great Britain is willing to suggest a practical plan, looking to the use of both gold and silver as money on some ratio to be fixed by international agreement, the Government of the United States will co-operate and assist in every possible way in carrying out such a plan, and the result would undoubtedly be of incalculable benefit to all mankind.

Kindly convey to the Lord Mayor, your Council and other friends, my appreciation of your very cordial invitation and my regret that I am unable to be present at your meeting.

I am, Dear Sir,

Yours very respectfully,

HENRY W. CANNON.

To HENRY MCNIEL, Esq.

General Secretary,

Bimetallic League,

London.

Copies of Telegrams received :—

From Professor MAVOR,

University of Toronto, Canada.

Cordial wishes for success of Conference.

From VICTORIAN BIMETALLIC LEAGUE.

Wish success Mansion House Conference.

INTERNATIONAL BIMETALLIC CONFERENCE.

REPORT OF PROCEEDINGS.

Wednesday, 2nd May, 1894, 11 a.m.

In the temporary absence of the LORD MAYOR, the chair was taken by ALDERMAN SIR DAVID EVANS, K.C.M.G.

134 THE CHAIRMAN said :—Gentlemen—In the unavoidable absence of the Lord Mayor, who is officiating elsewhere under the presidency of the Prince of Wales, it falls to me to occupy this responsible and distinguished position. In the name of the Lord Mayor, I desire to accord you all a hearty welcome, and more especially the visitors from foreign countries and our Colonies (Hear, hear)—some of the most distinguished men in the field of academic thought, of industry, of finance, and of literature. I would remind this distinguished company that the first meeting of the Bimetallic Conference was held at the Mansion House twelve years ago, under the presidency of the then Lord Mayor, and we have a vivid recollection of the meeting held here last year in furtherance of this same object. The fact of our meeting here to-day needs no apology. The importance of our meeting is confessed by the present Prime Minister, Lord Rosebery, who, in a letter recently addressed to a gentleman in the City of London, wrote with reference to the currency question that it is one of the most important questions of the day. (Hear, hear.) Again, we must not forget the meeting here last year, addressed by Mr. Balfour. No one with any

knowledge of business can be blind to the calamities resulting from the depreciation of silver, or in other words the appreciation of gold. (Hear, hear.) In commerce, in industry, in agriculture, its detrimental effects are equally manifest, and any measures which would lead to a solution of the difficulty would be cordially welcomed by all who have the interests of the community at heart. (Applause.)

On the other hand, it is argued that any attempt to bring about a fixed relation between gold and silver moneys would result in a rise in the prices of commodities which might be injurious to the masses of the people whose interests must be kept well in view. When, however, the opinions of the ablest financiers are so divided as they are on a question so complex, so far-reaching, and so important, I do not feel myself able to do otherwise than adopt a neutral attitude, waiting for any further light which may be thrown on the subject by the development of the discussion which has so largely occupied the attention of the financial world for some time past. I have no doubt that the distinguished audience I have the honour to address will be able by their united efforts to contribute materially to the elucidation of this arduous problem, and I can with confidence leave the matter in their hands. (Loud applause.)

I desire to read the following cablegram from America, addressed to the Lord Mayor, to be read to this meeting this morning:—"We desire to express our cordial sympathy with the movement to promote the restoration of silver by international agreement, in aid of which we understand a meeting is to be held to-morrow, under your Lordship's presidency. We believe that the free coinage of both gold and silver by international agreement at a fixed ratio would secure to mankind the blessing of a sufficient volume of metallic money, and, what is hardly less important, would secure to the world of trade immunity from violent exchange fluctuations." This cablegram is

signed by Messrs. John Sherman, William Allison, D. W. Voorhees, H. C. Lodge, G. F. Hoar, N. W. Aldrich, D. B. Hill, E. Murphy, C. Brice, C. H. Platt, A. D. Gorman, W. P. Frye, C. K. Davis, S. M. Cullum, J. M. Carey, United States Senators. Having to discharge magisterial duties for the Lord Mayor, I will ask my esteemed friend, Mr. Hucks Gibbs, to take the chair in my place. (Loud applause.)

MR. HENRY HUCKS GIBBS:—The Secretary will read certain letters of apology. But before his doing so I will mention that the significance of that cablegram which has just been read to you is much enhanced by the fact that the names appended to it include those of the leading “gold men” and advocates of the repeal of the Sherman Act in the Senate. (For letters of apology see pages 9-16.)

THE FALL IN THE GENERAL LEVEL OF PRICES IN RELATION TO THE APPRECIATION OF GOLD AND THE DIVERGENCE IN THE RELATIVE VALUE OF GOLD AND SILVER.

PROFESSOR J. SHIELD NICHOLSON, M.A., D.SC.:—I remember once reading in a very able philosophical work a criticism of an innocent looking sentence, to this effect: “This sentence holds in solution an assumption, and three fallacies.” The title of the problem assigned to me will probably seem to many open to the same objection. The assumption—they will say—is that there is such a thing as a general level of prices, and the *first* fallacy is, that if there is such a level it has fallen; and the *second*, if there is such a fall it is related to the appreciation of gold; and the *third*, that if there is such an appreciation it has any connection with the gold price of silver. Fortunately there is no dispute as to the fall in the gold price of silver; here, at any rate, we have a fact so simple that it can be expressed

in two figures. I shall endeavour to show that the assumption and fallacies supposed to be in solution in my problem, are in reality equally facts though more complex and not so easily expressed.

FACTS AND THEORIES.

It is not necessary to occupy much time in showing that there is such a thing as a general level of prices which is subject to movements upwards and downwards in response to general causes. There are many points in dispute amongst authorities in currency, but this is not one of them. The theory is plain, and the theory is abundantly confirmed by an appeal to facts.

Some people, however, profess to distrust theories and authorities, and assert that they prefer to form their own opinions on the facts of the case. There could be no better subject on which to exercise their independence of judgment. Thanks especially to the labours of Thorold Rogers in the earlier centuries, we have continuous and voluminous evidence on the prices of the principal commodities in English markets, year by year from 1259 down to the present time. I heartily recommend those who distrust theories and rely only on facts, to refer to the monumental works of Rogers, in the *History of Agriculture and Prices*. The volumes run in pairs, one volume giving all the facts of the period, and the other the writer's theories and opinions about them. The obvious advantage to the practical man is that he can get all the facts together unadulterated by any theories. Take, for example, Vol. II., which gives the records of prices from 1259 to 1400. With the exception of an introduction in English, and an appendix in mediæval Latin (which can be easily skipped), it is all facts together—six hundred solid pages, in small print, of quotations of prices; on a moderate computation there must be more than 100,000 of them. In appearance it is like a Bradshaw, but

more complex. There are similar compilations for the subsequent periods. The nearer we come to our own times, century by century, so much greater is the abundance of facts about prices.

Now, the practical man may, if he pleases, look up all these facts and form his own opinion. But in any case he will find that to form any opinion at all on general movements in prices—even to discover whether there are any general movements or not—he must apply theories and principles of some kind or other. There is nothing more absurd than to suppose that if you collect enough facts the results will come out of themselves. The only way to grasp facts, to comprehend them, to make them intelligible, is to lay hold of them and bind them together with principles and theories. That is what Newton did for the movements of the stars, and Darwin for the development of species, and Adam Smith for changes in the wealth of nations.

You can no more discover the general movements of prices by simply looking at price-lists, than you can discover the laws of motion by lying on your back and watching the stars. In both cases you must refer to theories of some kind, and your only safe-guard is this: As soon as you find a theory does not fit the facts, then reject the theory and look for a better.

RELATIVE PRICES AND GENERAL PRICES.

Well then, the theory that has been found to adequately explain the facts as regards movements in prices, may be stated in two propositions.

(1) The price of every article depends partly on *relative* causes specially affecting that article and partly upon causes affecting prices in general.

(2) By taking averages of the prices of several representative commodities over considerable periods,

we can discover the *general* causes, because the special causes of variation due to exceptional and temporary oscillations in demand and supply will balance one another.

The first proposition—namely, that the price of every article depends partly on special and partly on general causes, may be well illustrated by the case of English wheat.*

1260-1400	...	price per quarter	...	5s. 10 $\frac{3}{4}$ d.
1400-1540		"	"	5s. 11 $\frac{3}{4}$ d.
1540-1582		"	"	13s. 10 $\frac{1}{2}$ d.
1582-1702		"	"	39s. 0 $\frac{1}{2}$ d.
1701-1799		"	"	40s. 8d.
1800-1820		"	"	85s. 5d.
1821-1880		"	"	54s. 2d.
1880-1893		"	"	34s. 8d.

This table is extremely interesting and instructive. It destroys (for instance) at a glance, the preposterous notion that in every article increasing cheapness is a sign of continuous improvements; and conversely, increasing dearness a sign of continuous diminishing returns to industry. Looking only at prices, you find that English wheat remains steady for nearly three centuries (1260-1540); in forty years (1540-1582), it is suddenly more than doubled; then for more than two centuries (1582-1799) the price is again nearly trebled; in other words, the price of the last two centuries of this period is more than six times as great as in the first three centuries. But instead of this dearness being a sign of retrogression in agriculture, it was the accompaniment of great improvement.

Some of the changes—and absence of changes—in price may be accounted for by changes in the currency itself, in the weight and fineness of the coins. Thus, as

* For 1260-1702, I have taken the figures from Rogers. For the later prices, I have taken the figures from "Tooke's History of Prices," vol. vi., and the Agricultural Returns (1893).

Adam Smith observed in his enquiry as to the variations in the value of silver as indicated by the price of wheat over four centuries, in the second period taken (1400-1540), the weight of the silver penny, the standard coin, had gradually been lessened to one-half, so that in reality, reckoned by ounces of silver, the price of wheat was one-half of what it was in the former period; in other words, the value of silver reckoned in wheat had doubled, or silver had appreciated 100 per cent.

Again, the enormous rise (1800-1820) was partly due to the depreciation of the currency through inconvertibility of notes, and in this case no doubt very largely also to increased difficulty in production, in response to increased demand, when no foreign imports were allowed.

There is also no doubt that the great rise which began about the middle of the sixteenth century was due to the great discoveries of silver and its consequent depreciation. There was in fact a great change in the general level of prices.

After 1820, up to the Repeal of the Corn Laws, prices fell considerably; and from that time to 1875, a further fall (that might have been expected from the repeal) was checked by the great gold discoveries, which again caused a change in the general level.

It is hardly necessary to observe that over this very long period there were great fluctuations not only from year to year, but from week to week. It is, however, remarkable, as all statisticians have pointed out, how little exceptionally high or low prices, due to seasons and the like, affect the general average of a century. It is only when general causes come into operation, that a marked change in the normal price occurs.

THE QUANTITY THEORY OF MONEY.

The operation of these general causes on the level of prices is, however, much more clearly brought out if we

take into account other things—if we consider the prices not only of wheat, but of the other great staples of trade. If we find the special causes counter-balancing one another to a considerable extent, the changes must obviously be ascribed to general influences. And the longer the period and the greater the variety of circumstances that we consider, so much the more clearly do these general causes become manifest. You see then the advantage of the application of the historical method, for in the economic as in the physical world we may be sure that the same causes will produce the same effects.

What then are these causes? and can they be brought under any great generalisation? In other words, can we find a principle that will stand the test of verification, not only through six centuries of English prices, but through the whole range of history, and over the whole field of the industrial world?

The answer is unquestionably in the affirmative, and the principle may be stated in these terms:—*The general level of prices depends on the quantity of money compared with the work of circulation to be done by it.* All the causes affecting the general level of prices may be brought under one or other of these comprehensive terms—the quantity of money, and the work of circulation. If we take into account only one of these causes at a time, we must insert the qualifying phrase, “other things remaining the same,” because it is plain that its effect may be neutralised by some other cause. Thus discoveries of the precious metals may, to some extent, be neutralized by the rapid growth of wealth and population. On the other hand, in spite of an increased volume of trade and commerce, the extension of credit, the use of substitutes for metallic money, in a word, the increase in representative money may keep up and even raise the level of prices. If the trade of the world had to be carried on with the rudimentary credit

institutions of the mediæval period, it would be impossible to realise the extent in the fall of prices that must occur.

SOME POPULAR FALLACIES.

This idea has made such an impression on some people that they suppose the quantity of metallic money is now no longer of any importance. It is precisely as if they were to argue that the Eiffel Tower is so much higher than the Tower of Babel that the foundations need not be considered. But there is no need to appeal to fanciful illustrations. The Bank of England has in its vaults an amount of gold which by the latest returns is greater than the total annual production of the world, and other great national banks hold still greater amounts.

Other people, again, have gone to the other extreme, and have supposed that the standard money—in our case gold—is simply a commodity, and that its value is determined simply by cost of production. Well, I should like to ask them: What cost of production do you mean? Is it the average cost of all the particular ounces that have been brought to light since the beginning of the world added together? Or is it the cost of the annual supply? and if it is the latter, is it the cost of the most expensive or the least expensive portion? And finally, whatever the meaning you attach to cost of production, how does it affect the general level of prices?

This leads me to notice shortly one other popular fallacy. Some people say, or rather use arguments which imply, that gold is a measure of values in the same way as a yard is a measure of length. This is one of those arguments which may at first sight seem reasonable, but which on closer inspection cannot even be put into intelligible language. It is like a corrupt passage in some text which, by no ingenuity, can be made to bear translation. The beginning contradicts the end, and the middle contradicts

both. The nearest approach to sense that I can make is this: that in estimating how many pounds sterling he will give or accept for a commodity, a merchant keeps his eye on a sovereign dangling at his watch chain with the same obstinate determination that a golfer keeps his eye on the ball. As a matter of historical fact it is only in the most rudimentary societies that the value of the precious metals depends mainly on their use as commodities. A Japanese friend of mine, after a graphic account of the backwardness of the Chinese, clenched his denunciation by saying: What does Professor think of a people who estimate gold and silver simply by weight like other things?

THE LAW OF DEMAND AND SUPPLY.

But I shall be told that I am abandoning the most firmly-established principles of political economy. If I may be allowed one sentence of digression on a personal matter, I would say that to me this is a most refreshing charge. I feel like a respectable old gentleman who is called a gay young dog. For the critics of my most recent and most mature efforts have told me that instead of making an advance from Mill I have made a retrogression towards Adam Smith, and ultra-orthodox is the mildest term of abuse that I can at the moment recall, except possibly, the expression of a religious paper, that I was an old devil in a new garb. It is then a pleasing variety to be accused of utterly abandoning these fossil principles. Unfortunately, however, the charge is not true; and the implied compliment is not deserved. On the contrary, not only has this quantity theory of money the highest authority, but, wide as it is in itself as a generalization, it rests upon a still wider principle—a principle through which alone cost of production, and the other surbordinate laws of value can be made intelligible—the principle, namely, of demand and supply. The grandest example of the law of demand and supply—the

law that governs all values—is to be found in the value of money—in other words, in the general level of prices. All the various influences can be brought in as affecting either the demand or the supply, and in no other way can the general resultant be found. The use in the arts, the productiveness of the mines, the hoards of individuals or banks and governments, the opening and closure of mints, the expansion and contraction of credit, the volume of trade—these and other forces all produce their effect on general prices either through demand or supply.

THE INFLUENCE OF GOVERNMENT.

It would obviously be impossible for me to show, in detail, the way in which all these various causes act. I will note one only as an example, namely, the influence of Government.

The most common charge made against bimetallists is that they seek to impose upon Governments an impossible task—namely, the task of fixing the relative value of two commodities. We are assured that no Government or combination of Governments can give an artificial value to anything, that the great natural economic forces will break down any merely legal mandates. It is delightful to one who still believes that Adam Smith has done more for political economy than all his successors put together to find that, in these days, there is at any rate one thing that the Governments of the world cannot accomplish. I am almost persuaded to become a monometallist.

It is, however, in all seriousness, difficult to understand how the people, who call on Governments to fix the price of land ; to regulate the hours of labour and the conditions of work—which is only a disguised mode of fixing the price of labour ; who think that Governments can tax big capitals to 100 per cent. of their value, which is only another way of fixing the price of big capitals at zero—it is very

difficult to understand how these same people who are ready to become members of Parliament, and members of Cabinets if desired, in order to fix the price of land, of labour, and of capital, draw the line at the price of silver and the value of gold. I can only suppose that in their view political economy is like a superstition that has been worked into their minds in innocent youth, and that they think tampering with the currency is like walking under a ladder, or using profane language on Sunday. Perhaps the best way to get rid of their squeamishness on this point would be to show that the people who gain most by a rise in the value of gold, or a fall in general prices, are the creditors who receive more and more of the produce of living labour by way of interest on capital that has long ago perished.

But the attitude of bimetallists is in marked contrast to this inconsistent superstition. They do not extend the power of Governments one step beyond the influence of demand and supply. They say if the demand for silver for coinage is stopped its value will fall—and the closure of the Indian mints is evidence enough; and if the demand for gold for coinage is increased its value will rise—in other words, that Governments can affect the value of the precious metals only by affecting the demand and the supply.

THE FALL IN PRICES SINCE 1873.

It is time, however, to apply these general principles to the problem we are all called together expressly to discuss, namely, the fall in the level of prices since 1873. If my introduction has seemed long and difficult, the conclusion is proportionately brief and simple. As regards the question of fact, there is no doubt that we are face to face with one of those general movements in prices that can only be explained by general causes, the evidence of the index numbers—calculated in different ways—is conclusive, and

I shall not waste your time by repeating it. The fact is admitted by all the strongest monometallists, and by no one has it been stated more forcibly than by Mr. Goschen. It is in reference to the causes that disagreement arises, and it is on this account that I have wearied you with ancient history and musty principles. The causes assigned that are worthy of consideration may be reduced to two.

IMPROVEMENTS IN PRODUCTION AND TRANSPORT.

Many people assert that the fall is due entirely to improvements in the methods of production, and in the means of transport. Now this position practically implies that a great industrial revolution took place about 1873. That an industrial revolution has taken place in the present century I do not deny, but it is not correct to assign 1873 as the date. Allow me to quote a few representative facts which illustrate the growth of British industry and trade in the twenty years preceding, and the twenty years following 1873. In the former period imports rose from £120 to £370 millions, and exports from £100 to £250 millions ; in the latter imports rose from £370 to £405 millions and exports fell from £250 to £218 millions.

Take the tonnage of shipping belonging to the United Kingdom. From 1850 to 1873 it rose 45 per cent. ; from 1873 to 1893 it rose 43 per cent.

Take railways—in 1850, the mileage was 6,281 ; in 1870, 15,937 ; in 1890, 20,325. Take telegraphs—they were established between 1840 and 1850 ; and cables to France and to Ireland were laid in 1851, and the Atlantic Cable, after a partial success in 1858, became really effective in 1865.

Other figures might be given, and reference made to other countries, especially the United States, and there can, I think, be no doubt that the general improvements in

production and transportation were as fully in operation before as after 1873. It is therefore illogical to assign the fall in prices to this cause, especially as in the twenty years previous to 1873 the same cause was at work, but with this difference, that general prices rose.

THE REVOLUTION IN CURRENCY.

But if 1873 cannot be assigned as the date of the beginning of a revolution in industry, it can certainly be assigned as the beginning of a revolution in currency—a revolution which is as yet by no means accomplished. At a time when the annual supplies of gold were falling off, and the demand for the arts was increasing, there was, owing to the change in the monetary policy of Governments, a great increase in the demand for gold. And we might be content with an appeal to the general law of supply and demand, without professing to explain the precise mode of operation. Nor is such a procedure either unscientific or unpractical; in fact, in most practical problems we know little of the intervening processes. We know for certain, for example, the proximate causes of many diseases, but we know little of the actual chemical and vital changes that occur in any particular case—of the precise way in which the microbes devour and digest our vital organs. We may be quite sure if we put enough of the *comma bacillus* into a patient the life of the patient will go out, but the intervening processes are to a great extent hidden. The more we can trace, however, the precise action, so much the more likely are we to discover a remedy.

THE APPRECIATION OF GOLD.

This brings me to the third and final stage in my problem: namely, the connection of this general fall in gold prices with the fall in the gold price of silver. Perhaps, however, it may occur to some of you that I have left out the second part, namely, the appreciation of gold. I must

plead guilty—with extenuating circumstances. It is an ugly name for an ugly fact, therefore I avoided it. But it was the name only that I avoided. A fall in the general level of prices when these prices are measured in gold, is only another phrase for the appreciation of gold; if prices fall on the average, then, in plain English, gold fetches more of things than it did; in Anglicized Latin gold has appreciated.

THE FALL IN GOLD PRICES AND THE FALL IN SILVER.

To come then to the fall in the gold price of silver and its connection with the fall in other gold prices, or, if you prefer, the connection between the appreciation of gold and the depreciation of silver. This is the most difficult, as it is the most interesting and most instructive part of the whole controversy. I have used the term difficult because people of importance do not agree in their interpretation, although, in my opinion, the difficulty has been much exaggerated. All that we have to do is to admit three facts, and to show the inter-connection.

The *first* fact is perfectly obvious and admits of no dispute, namely, that the gold price of silver has, since 1873, suffered a severe and fluctuating fall. Here we have the records day by day to a quarter of a farthing.

The *second* fact is that the prices of commodities reckoned in silver have remained comparatively stable—that is to say, the depreciation of silver relatively to gold has not been reflected to commodities, or in other words, the level of prices in the silver-standard countries has not changed to any noticeable extent. Silver purchases less gold, but it purchases practically the same amount of other things.

The *third* fact is that general prices measured in gold have fallen—in other words, that gold has appreciated, or that it purchases more of other things.

The facts cannot so far, I think, be seriously disputed ; it is in the inter-connection that disputes arise.

Personally, I am strongly of opinion with those who maintain that the fall in silver has been coincident with the fall of the prices of commodities to such an extent that there must be a connection between the two. This you will observe is simply a question of observation and measurement ; of course we do not mean to imply that the fall in every particular commodity has exactly coincided day by day or year by year with the fall in silver, and we do not say that taking the full period of twenty years there has been in every case such a coincidence. More than that, we do not even assert that the average level of gold prices has moved year by year in precisely the same direction, and in the same degree as the gold price of silver. It is not necessary that the coincidence should be so exact in order to prove a causal connection ; if it were we could never, in the whole range of industry and commerce, get an example of cause and effect. All that we maintain is that the degree of coincidence is so great, both in direction and magnitude, over a period of twenty years, that it cannot be the effect of accident. The case is analogous to the effects of taxation on foreign trade, or to the effects of the fall in the price of wheat on the amount of land under cultivation. The connection is certain, though the effects do not follow the cause in a simple numerical proportion.

Now I do not think anyone can refer to the tables of Mr. Sauerbeck's, or to the index numbers of the *Economist*, without admitting the fact of a general coincidence between the fall in the gold price of silver and the fall in general gold prices. The matter is best illustrated by curves,* but is made sufficiently obvious by putting, side by side, the index number of commodities and that of silver.

It is true that the *Economist* denies the coincidence, but it can only do so by requiring an exactness which is not required by the case itself, and is very rarely attained in

* Compare the curves constructed by Sir G. Molesworth.

any other case. We know, for example, that a fall in the rate of interest tends to raise the price of securities on the stock exchange, but owing to special and relative causes the movement is not in every case precisely to the same degree.

The following table * speaks for itself. It gives in parallel columns for the years 1874-92 (I.) the index numbers for the 45 commodities comprised in Mr. Sauerbeck's computation, and (II.) the index numbers of silver for the same years.

Years.	Mr. Sauerbeck's Index-numbers.	
	Index-number of 45 principal Commodities.	Index-number of Silver.
1874	102	95·8
1875	96	93·3
1876	95	86·7
1877	94	90·2
1878	87	86·4
1879	83	84·2
1880	88	85·9
1881	85	85·0
1882	84	84·9
1883	82	83·1
1884	76	83·3
1885	72	79·9
1886	69	74·6
1887	68	73·3
1888	70	70·4
1889	72	70·2
1890	72	78·4
1891	72	74·1
1892	68	65·4

It will be observed that in one case the index numbers show a fall from 102 to 68, and in the other a fall from 95 to 65. Other facts to be observed are: "from 1874 to 1877

* Quoted by Archbishop Walsh in his pamphlet "Bimetallism and Monometallism," page 63.

(inclusive) the index number of silver was on the average 5.25 below the aggregate index number. In 1878 it was only .6 below; in 1879 it was 1.2 above; in 1880 it was 2.1 below; in 1881 they were equal. Then from 1882-92 (inclusive), with two exceptions, silver was *above the aggregate*. From 1884-7 it was on the average 6.5 above the aggregate per annum. On the whole, adding up the differences from 1874-1892, the total difference is 11.5 *above the aggregate*, or on the average .6 per annum.

Thus it will be seen that the special causes affecting silver only seem to show it below the general level to any extent in the first four years after 1873.

If we compare this steadiness of silver with the differences of some other commodities the contrast is very surprising. Thus in *every* year the index number of textiles is below the aggregate, in every year that of total materials (twenty-six commodities) is below; in every year except one that of wheat is below.* On the other hand in *every* year animal food is above the aggregate. In these cases we seem to have evidence of special causes depressing or raising prices apart from the general causes which have produced the general fall. Thus, whilst the fall in the aggregate index number between 1874 and 1892 is from 102 to 68, *i.e.*, 34, the fall in the index number of animal food is only 19, whilst the fall in that of English wheat is 46."

THEORY.

We generally try to confirm a theory by facts. In this case, however, we may confirm facts by theory. It is easy to explain *first*, why there should have been a general coincidence between the fall in silver and the fall in the gold prices of commodities; and *secondly*, why this coincidence should not have been precisely or minutely exact.

* Quoted from paper by the present writer in *Economic Journal*, March, 1894,
 "Effects of Depreciation of Silver, etc."

Suppose, then, that the gold price of silver falls, but that the prices of commodities in silver-using countries remain steady. For the sake of definiteness we may take rupee prices before the closure of the Indian Mints. If possible under these conditions, namely, with rupee prices steady (that is, of course, the level or the average), and with a fall in silver of some 37 per cent. if possible, suppose that gold prices do not fall in proportion. Then what would happen would be simply this: every export from India would obtain, so far, the same gold as before, but this gold would fetch more than 50 per cent. more silver, since every sovereign instead of obtaining about 4 ozs. of silver would obtain more than 6 ozs. But if the rupee prices in India were the same this would mean an additional clear profit of 50 per cent. Similarly every import into India from England would obtain only the same amount of silver as before, but this silver would yield so much less gold—in other words, there would be an exceptional loss of 37 per cent.—an oz. of silver fetching 38*d.* instead of 60*d.*, and by supposition the gold price of the import being unaltered.

It is perfectly clear that this is a *reductio ad absurdum*; under a system of industrial and commercial competition, such exceptional profit and loss could not possibly continue. Accordingly, if the price of silver falls, either the gold prices of the great staples of trade between gold and silver-using countries must fall, or silver prices must rise, or a combination of both movements must take place. Thus, finally, if silver prices have not risen, and silver has fallen, gold prices must fall.

Just as this mode of reasoning shows the nature of the general coincidence, so does it account for apparent discrepancies. Two considerations are of special importance. In the first place, it takes time for competition to produce its full effect as regards the articles of trade between gold-using and

silver-using countries; and secondly, these articles, although of great importance, do not include all the commodities that are used in the basis of calculations in estimating movements in general prices.

PREDICTION.

I have passed from facts to theory—let me now pass from theory to prediction—the most popular test of theory. At the beginning of the year, in a paper read to the Royal Society of Edinburgh, I ventured to predict that, judging by the experience of the past, the necessary readjustment consequent on the fall in silver, caused by the closure of the Indian Mints, would be made in gold prices. The *Economist* has very candidly called attention to the movements in its own index numbers, which indicate that such a fall has occurred. It is true that the fall has not yet been so severe as the fall in the price of silver—being 3 per cent. as compared with 10 per cent. at the time the calculations were struck. But we must remember that for the time being the rupee is above its metallic value (I throw in the little prophecy that if India ceases to borrow it will not long remain so), and that the future of silver is so uncertain that the price is by no means steady. It is remarkable also, that at the beginning of the year everyone was predicting a revival in trade and an upward movement in prices. In the meantime the fall in gold prices has been so encouraging (I speak as a theorist) that I again venture to predict that unless—which seems improbable—silver rises in price there will be a further fall in gold prices.

SUPPOSED INCONSISTENCY.

There remains one difficulty which I must at any rate touch upon, in spite of the length of this paper, and the strain on your attention. In my view a large part of the fall in gold prices is due to the fall in the gold price of silver, and

this fall again is due mainly to causes specially affecting silver. That is to say, in my opinion, the fall in silver is not to be accounted for simply by the general fall in gold prices, but on the contrary the reverse has happened. The question then arises: how do you reconcile this with the quantity theory of money—with the position formerly laid down that the general level of gold prices depends on the quantity of money compared with the work to be done by it? The explanation seems to me to be two-fold. In the first place, the same events which have caused the fall in silver have caused a premium on gold—in response to the depreciation of silver, gold has been hoarded by banks and Governments. And in the second place, I should say that gold prices have been lowered more than was requisite according to the quantity theory on account of the depressing influence of this special cause. There is nothing in the quantity theory of money that is inconsistent with the theory of general inflations and depressions in trade, and in this we have a prolonged depression.

Further consideration, however, of this topic would trench upon the ground assigned to other papers.

SUMMARY.

In conclusion, it may be convenient in a discussion not to follow this paper if I briefly summarise the main positions; they are as follows:—

(1) There are certain causes affecting the general level of prices, apart from the special causes affecting particular prices.

(2) Since 1873 there has been a fall in the general level of prices in gold-using countries, in other words, an appreciation of gold.

(3) This general appreciation of gold has, on the whole, coincided with the fall in the gold price of silver or the specific depreciation of silver.

(4) The fall in silver is rather a cause than a consequence of the fall in gold prices, although the special events (chiefly political) which have caused the fall in silver have also tended to cause a pressure on gold.

I must remind you that in the limits assigned I have been precluded from touching on those interesting practical questions which will later on be brought under your notice. But if the topics treated in this paper are necessarily of a general character, they are none the less essential to a clear understanding of the problems which appear to us more concrete and of more practical importance. I have given you my own opinions with frankness, and for the sake of clearness I have not at every step introduced the qualifications and exceptions that are necessary for logical completeness and for protection against various modes of attack. I trust you will not mistake my frankness for dogmatism and my brevity for narrowness.

MR. G. M. BOISSEVAIN :—Mr. Chairman, Ladies and Gentlemen—In addressing you, or rather in making, as I want to do, a few observations on the very interesting paper which we have heard read by Professor Nicholson, I feel first of all that I have to apologise for addressing you in your own language—(No, no)—but I am sure, even if I speak it badly, you will understand me better than if I addressed you in my own language. Now I daresay we, having all of us heard what was in Mr. Nicholson's paper, will agree that it is a subject of the greatest interest, and a subject which he has shown to be undoubtedly one of vast importance. We are all of us well aware that we are suffering under the action of the monetary situation, but if we want to remedy it, we ought to know, and we ought to have a clear idea of what have been the causes of the situation under which we are suffering. (Hear, hear.) We want to know, in the first instance, whether there has been an appreciation of gold or a depreciation of

silver. Of course, the gold price of silver has fallen ; there is no doubt about that. It will always be admitted as true that things which look quite different may, after all, be quite the same, whether they are in Lilliput or Brobdignag, and the appreciation of gold may only be another way of saying the depreciation of silver. Here in England you speak of the fall in silver, but I think that in India they speak of the increased value of gold. (Hear, hear.) I think we ought to have a clear conception of what has really been the cause. Now it is very difficult to see what has exactly happened. When we say that gold has appreciated, it is generally answered by gold mono-metallists that it is not gold that has appreciated, but that it is our commodities that have fallen in price. I think what Professor Nicholson reminded you of in his paper in regard to the price of wheat was very remarkable. He reminded you that the price of wheat had risen through the influence of various important occurrences during the last seven centuries, although it has fallen quite lately. But what does that show? I think it shows that there is quite a difference between low prices and cheapness and abundance. We had much greater abundance of wheat in the beginning of this century, and in the years 1850 to 1870 especially, than obtained some centuries ago, and yet prices were a great deal higher, as Mr. Nicholson reminded you, than they were before. I say this shows there is a great difference between low prices and cheapness and abundance—(Hear, hear)—and I think this explains the present situation. If low prices are the sign of prosperity and of abundance, then (and Professor Nicholson has referred to this also already) what has been the difference between the two periods in the history of the last half-century? From 1850 to 1870 we had a period of general prosperity and general welfare, and accumulation of commodities accompanying the welfare of especially the poorer

classes and the labourers, and still we had a period of continual rising prices. But in 1873 things changed entirely. Prices went down, but the general welfare also decreased, and in these last twenty years, especially wages have decreased a great deal more than they had in the period between 1850 and 1870. Now this shows that prosperity is not dependent upon low prices, which one might have thought to be the case, but prosperity goes with high prices. (Hear, hear, and applause.) Now to know whether we have had a fall in the purchasing power of silver, or whether we have had an increase in the purchasing power of gold, I think we ought to observe what has been going on in the past. I have also to remind you of the great influence that Government has on the value of the precious metals—gold and silver. The Government does influence the value of gold and silver in an artificial way. What a Government cannot do is to modify the laws of economics, and what they can do and what they do with regard to gold and silver is to influence the demand and supply, and that is exactly what has happened. The value of gold and of the monetary metals is most of all dependent upon their monetary employment; and what has been going on since 1873 is that there has been a great change in the employment of gold and silver as money, and a change that has been brought about entirely by the action of the several Governments. That is the way in which they have influenced the value of gold and silver. Now I need not recall to your minds the monetary history of 1873. Everybody knows it; and I ask you how could it be that what has happened should not have had an influence on the relative value of gold and silver? We have seen silver demonetised and the place of silver in several countries usurped by gold, and much larger demand for gold than silver has taken place in several countries. How could it be said that such a

revolution in the use of the monetary metals could happen without having an influence on the values? We have to look again to the relation between gold and silver prices, and we see that silver prices have remained almost exactly—at least till 1893—the same; that is, the silver prices in the countries where silver is the monetary standard. This has happened, although the employment of silver as a monetary metal has decreased, and it is no longer used as a monetary metal, in the way at least in which it had been previously used in so many countries previous to 1873. But, at the same time, in the silver countries the silver prices remained till 1893 almost exactly what they were before, and on the other hand in the gold countries the gold prices have fallen seriously. I think this shows that even if the employment of silver has decreased, and at the same time the production of silver has increased, the relation between silver and other commodities in the silver-using countries has remained almost exactly the same, but that has not been the case in the gold countries as regards the relation of the gold to the commodities there. There we have had a serious fall of prices, because there was a relative scarcity of gold. Gold was no longer to be found there in the same relation as had previously obtained. (Hear, hear). So I say that I think this shows that it is really gold that has appreciated, and gold has appreciated because it became more scarce than it was before. Then you will say, how is it possible to speak of scarcity of gold just now? There are 32 million pounds worth of gold in the Bank of England, a larger amount than there has been in it for many years. At the same time there are 1,700,000,000 of francs in gold in the Bank of France. We all know that there is more gold in the world than that, and that as to gold that we now see accumulated in the several banks, we knew before it was accumulated in the banks that it existed in the world, but what does that show?

That is another proof that money is very abundant, and money is very low at the same time. But that there is then proved to be practically an abundance of gold I do not think is the case. I think exactly the contrary is proved. The price of money is very low undoubtedly. Why? Because the demand for money is very small just now. But what is it that we do when we are making a loan—we obtain gold to-day in order to repay it at some time hence, and make use of it for buying commodities and using it in the several industries and things of that kind. When we say that there is a tendency for gold to appreciate, we imply that certainly that is a reason in itself for not making a loan of gold, because then we are sure that on the side of gold we shall lose if we bring about such a bad bargain. That is exactly what is the result of a scarcity of gold. If people do not in such circumstances refrain from making loans in gold, they make serious losses, and that is a reason why commerce, industry, and agriculture are suffering under the appreciation of gold. (Applause.) Then as to another point: I said that until 1893 the silver prices remained exactly the same, and at the same time gold prices had fallen, and that this seemed to show that there had not been a fall in silver; but then you will say that since last year there most certainly has been a fall in silver. I agree entirely as to that. I think that since June, 1893, there has up to the present time been a very severe fall in silver: whether it will continue will depend upon circumstances. It may be again that it will be gold that will most of all appreciate, but still I think if things are to continue going in the direction they have been going, and if things continue as has been the case since June, 1893, there will be a great probability of silver falling, and silver falling more than gold will appreciate. Still, even if silver is to fall because the employment of silver will be decreasing again, certainly

there will be so much the more appreciation of gold. Now I think I must apologise to an English meeting like this for making such observations as I want to make in their language, but what I would say in conclusion is this:— Since June, 1893, we have had really a fall in silver, and at the same time the appreciation of gold is going on and threatens to become greater than ever it was before, and I say I think this shows that your Government in seeking to remedy the monetary situation have been looking in the wrong direction in order to find the remedy. (Applause.) What they have done has been to make gold scarcer than ever—to make gold appreciate more than ever—and to make silver depreciate; whereas what they ought to have done was to rehabilitate silver. That would have been the real remedy.

MR. SAMUEL MONTAGU, M.P.:—Mr. Chairman, Ladies and Gentlemen—I find it very difficult to say anything fresh with regard to the principle of bimetallism or its effect upon prices, and I admire very much the ability of Professor Nicholson in putting before us so vigorously the usual arguments, and for having found also fresh points to bring before our notice. The few observations that I shall make will be from the standpoint of a trader in the City in gold and silver, and to remove any possible misconceptions I will point out that the trader's interest would not be advantaged by bimetallism, but quite the reverse, because the trader lives on fluctuations in the article in which he deals. (Hear, hear.) I need not argue with regard to the practicability of bimetallism, because that has been proved over and over again before the Royal Commission on Gold and Silver, of which I had the honour to be a member, and we were fairly unanimous on that point, although as to its adoption in this country or its promotion here at that time we were then equally divided. We could, I think, claim a majority of opinion on that Royal Commission, because

since it has terminated its sittings one of the ablest members that was on the Royal Commission, Mr. Leonard Courtney, has come over to our side. (Hear, hear, and applause.) I think, therefore, we might fairly claim a majority on that Royal Commission.

Let me briefly refer now to the present position of this question of bimetallism and its future prospects. There is no doubt that bimetallism has spread fast in the country. There is, however, one danger ahead which I trust its promoters will carefully avoid, and that is the danger of making bimetallism a party question. (Hear, hear.) If its adoption would steady agriculture and other industries, it would also greatly benefit our traders in cotton manufacture in Lancashire, and other of our national industries. Now, what is the present condition of silver on the Indian exchange. The price of silver has been recently 27*d.*, and it has been fluctuating day by day, so that it is really over 29*d.* now. On the other hand, the Indian exchange, that was last year 1*s.* 4*d.*, is now down to about its lowest point, that is, 1*s.* 1½*d.* The Indian Government have desired, and do desire bimetallism, but they have been prevented from carrying out their idea of promoting it actively by the present Government. Therefore, both parties are equally to blame in that respect. They have endeavoured to bring about a stability in the Indian exchange by adopting the measure of closing the Indian mint. That measure, however, has been so badly managed that one can almost fancy that the Indian Government were very half-hearted in the matter, and that they would rather see it fail in order to bring about the only real and positive cure for the state of things that exists, namely, bimetallism. (Loud applause.) The existence of the fluctuation, or rather the depreciation, because the rupee is constantly fluctuating, is to my mind caused by the want of confidence in the fiscal policy of the Indian Government. We all anticipated

that if this change were made India would be a great field for the investment of the surplus capital of Europe, but, instead of that, people have been only too anxious to bring their money home from India, which is, in fact, quite the reverse of the effect which one would have imagined would have been produced. Money, unfortunately, is at the present time about its lowest. Three months' bills are at a little over 1 per cent. In India they want bimetallism very badly, and it would be an assistance to our fellow-subjects in India, and also an advantage to ourselves. The reason why bimetallism is not promoted we do not know, but if people invest their money there, no one knows how he will get his money back again. Therefore, we are prevented from the usual course of sending money where it is most wanted. Rumours are afloat as to the reopening of the Indian mints, and have been repeated, but I hardly see how that can improve the position unless bimetallism should at the same time be adopted. (Hear, hear). If the Indian Government thinks it would be beneficial to India to have a low exchange, then they can do so in the readiest manner possible. They can force the sale of bills, if they want money in that way, or they can buy gold in India, or they can let out the enormous sums of silver coin which they have in the Treasury, and they can bring the rupee down to a shilling or less in a day or in a week. Therefore, they cannot say that the opening of the mint would be any advantage, because they could not support the price of silver single-handed, with the mint open, even when the United States were largely minting that metal; therefore, how is it possible they can keep up the price of silver now that the United States have ceased to coin that metal. The only effect of opening the mint would be to allow the dealers in silver to fix the price instead of themselves, because they would, of course, compete with the price of bills here in

London. Now our opponents taunt us with the fact that gold is present in sufficient quantities in this country. We might point out there are only three countries which now use gold in circulation : they are this country, France and Germany. In the United States they prefer paper to gold, and it is well for them that they do so, because their supply of gold is exceedingly small. The rest of America use paper generally, and cannot manage to pay their way even in the depreciated silver. Money resembles water, it always flows to where there is a void, and whenever it is wanted or scarce it will in the ordinary sense flow there. In recent years what I call artificial interference with the market has prevailed, and they have created a gulf between gold and silver-using countries, so that it is quite impossible that the ordinary laws affecting capital and money should prevail, on account of what has been done. The outlets of money have been blocked, but of course money, like water, overflows in the few centres where it has been particularly used. I had the opportunity last week of conferring with a gentleman who is a member of a Conference which is now meeting in Germany, and he remarked that if Governments and peoples will not use silver, he knew of no equally efficient substitute. Yet it must be admitted that if that metal is largely used in circulation without a fair gold value put upon it, it will be coined in spite of them. The proposal placed before the Conference, then, is to this effect, that an international agreement be entertained for a term of years for the coinage of silver, the maximum quantity to be coined in each country to be 1s. per head of population. Therefore, in this country we should, under that proposal, be compelled to coin about £1,800,000 yearly, but the proposal is, and that is the only novelty about it, that the seigniorage imposed by each country should vary between 10 per cent. and 20 per cent., depending upon the market price of silver, so as to keep silver at between 30*d.*

and 36*d*. All such projects may be worthy of consideration, but what we should desire is this, that Germany should ask for another Conference, with the avowed intention, that bimetallism should be adopted ; that what should be left to be dealt with at such a Conference of Powers would be the particular ratio or the seigniorage to be adopted for that purpose. (Applause.) I think we should certainly be allowed to join, and I should not be very much surprised if, now this movement is so popular, our Government were compelled to join with other great Powers in bringing about a settlement of this great question in a business-like fashion, not going to the Conference to discuss a variety of possibly worse projects brought up by one member or the other, but going at once on the basis of bimetallism. Then we should find this vast question settled for our time, and perhaps for many centuries, for the benefit of trade, which is the chief thing which actuates me in supporting bimetallism, and the commerce of this country would be conducted on an enlarged and safer basis. Therefore, I hope that the efforts of this Conference in Germany may bring about that one necessary element, for I think that a Power like Germany should take the initiative, and then I think that we should see carried out what we all desire. (Loud applause.)

DR. OTTO ARENDT, Member of the Prussian Diet, Berlin, delivered an address in German, of which the following is a translation :—I have to transmit to you the greetings and best wishes of the German bimetallists. We look with admiration and hope on the activity which the Bimetallic League displays in England, and expect that theirs will be the victory for their and for our good. In my own country the bimetallic movement is also making considerable progress, and especially the closing of the Indian mints has shown the people the precipice to which the gold standard leads. The Prussian and the German

Governments have made statements which prove that they recognise the evil effects of the depreciation of silver on German interests. After these statements it would be impossible for Germany to play in a future monetary conference such a passive part as it did at Brussels. Moreover there has been instituted a Silver Commission, which is to propose means to improve, and, if possible, make stable the price of silver. Several proposals have been made, but the one mentioned by Mr. S. Montagu has so far not received much support.

Mr. Gladstone said, in one of his speeches, that, "even if England were to declare in favour of bimetallism, other countries, notably Germany, might not follow." In this he is mistaken. Not a dozen men would, in Germany, oppose bimetallism in conjunction with England. In Austria-Hungary leading men told me, "We have no interest in gold ; we merely want the same standard as Germany, with which 70 per cent. of our trade is conducted." Indeed all that is wanted to make bimetallism a fact is the lead of England. Without England, however, nothing will probably be done. I do not personally approve of this attitude, but I cannot deny that the majority in my country is, on this point, against me. As a German, I regret this. Years ago I said in London, "It is England's good luck that two statesmen do not read the currency question correctly : Cleveland and Bismarck." Both of them could have secured the lead in the commerce of the world if they had adopted bimetallism without England. England would thereby have been under a disadvantage. For either such a step would have fixed the price of silver, and then even those who think that at present England derives some benefit from the gold standard, must admit that such benefit would no longer exist, or it would have failed to do so, and then England would have possessed the dearest standard, in which it would have been an in-

ducement to sell, but a discouragement to buy. It is said that in the latter case England's banking business would have received an impetus, but I doubt this, because the prosperity of the banks depends upon the prosperity of trade, and the commerce and industry of England would have suffered. The decline of English exports to the far East since the closing of the Indian mints illustrates, in the clearest possible manner, the connection between commerce and currency.

Mr. Gladstone has further said that, as a creditor country, England ought to retain the gold standard. It is true that the appreciation of gold is "at first" against the debtor, but in the end the creditor will lose, for the debtor must eventually fail. The appreciation of gold shows itself in other countries as a rise in the exchange, and this "premium on gold" brings one country after another into financial difficulties. The higher the exchanges, the greater the premium on gold, the more difficult it will become for the other countries to meet their gold engagements. For the English creditor a debtor who pays in silver is after all better than a debtor who cannot pay in gold.

In England the bimetallic question has been coupled with the question of free trade, and the bimetallists have been represented as protectionists. The very reverse is the truth. Bimetallism wants to lead the world back to free trade. The unhealthy and unnatural competition, engendered by the collapse of the exchanges, is the real cause of the protectionist movement on the Continent, and, if there is no change in the position, England will find this protectionist movement gather force, and a return to the free trade principles less and less likely. But I hope that the practical sense of the English will not much longer allow them to be led away by obsolete theories, but will initiate a reform, which, without England, the world considers itself too weak to carry through.

At the conclusion of his address in German, he added the following in English :—

Ladies and Gentlemen—I thank you for your kind attention. It is now ten years since your President, Mr. Hucks Gibbs, wrote an open letter, and in this open letter he said that there was no present hope for bimetallism in England. That is ten years ago, but to-day I am sure I can go from this meeting and from London with the conviction that there is now every prospect of its adoption. (Applause.) I hope that the Council of the English Bimetallist League will achieve the ends at which it aims in its economic labours for England and all the world—for the world, ladies and gentlemen, believes that it is not strong enough to achieve these things without the aid of England. (Loud applause.)

THE CHAIRMAN :—I will now call upon Mr. Samuel Smith to address you. He was one of the earliest supporters of bimetallism in this country.

MR. S. SMITH, M.P. :—Mr. President, Ladies and Gentlemen—We have travelled over a wide range of matter to-day, but I think the kernel of all our discussion and the kernel of the whole question is the appreciation of gold. I think that Professor Nicholson treated the question in the right manner; he treated it by the historical method, and it is only by the historical method that one can gradually come to see how these great changes in the level of prices have taken place, and how they mainly depend upon the value of the precious metals themselves. I think within the present century we have had four great changes in price levels to which I will just briefly refer. The first price level was from 1800 to 1815, when the country was suffering under an inconvertible paper currency, and when we had a very high scale of prices. Then came the contraction after the great French war, with the establishment of the single gold standard and a fall in prices; and during

the period between 1815 and 1850 we had a fall in prices equal to about 50 per cent. That was the period, perhaps, of the greatest dangers that this country ever passed through—(Hear, hear)—and practically the effect was to double the weight of the National Debt. The National Debt of £900,000,000 bequeathed to us by the great war became as heavy as if it had been increased to £1,800,000,000, because the interest on this debt was paid by the sale of commodities, and it required just twice as many commodities to meet the interest on the debt after the fall of prices as before. (Hear, hear.) That accounted for the intolerable misery that existed in this country during that period. Then came the third period of the Australian and Californian gold discoveries, which started with a rise in prices, and went on till 1873 to 1874, which rise amounted to 40 per cent. That lightened the burden of debt enormously, and gave life to all the industrial enterprises of the country, and was the most brilliant period of trade that this country has ever enjoyed. (Hear, hear.) Now comes the fourth period. The fourth period began with 1873-1874, and has gone on till now—that is, twenty years. The feature of that period has been a constant fall in prices, broken now and then by small reactions. According to Mr. Sauerbeck's excellent figures, based upon forty-five commodities, I see that in the month of March this year we are just 42 per cent. below the prices of 1873. Now mark you, gentlemen, a fall of 42 per cent., or say in round figures 40 per cent., means a much lower level than does a rise of 40 per cent. Supposing that the average of prices in 1845 to 1850 was 100, a rise of 40 per cent. took it up to 140, and a fall of 40 per cent. on 140 is equal to 84, and takes you down to a price level of 84. Therefore, we have now reached a much lower level than was attained during the depreciation of the period between 1840 and 1850. We are at the lowest level within the present century; indeed, a good deal lower than

we have been at any point in this century. Now the effect of this immense fall of prices is that all the debts, burdens and obligations of the country have been directly increased in value. We have gone through exactly the same state of things as prevailed after the resumption of specie payment in 1819. Now people do not fully appreciate and understand what a vital question this is. It takes a little thought to feel the force of, and to appreciate the effect of, these fixed charges upon the country. I have taken some trouble to go into the subject, and if the meeting will allow me, I will give you a few figures which I collected a few years ago, which are only approximations, but which are, I think, perhaps pretty near the mark.

We have, first of all, a National Debt of £700,000,000, with interest and sinking fund amounting to £25,000,000 a year; railway bonds and preference shares, amounting to £500,000,000, with interest at 4 per cent., making £20,000,000 a year; local and municipal debts are estimated at about £160,000,000, which, at say 4 per cent. interest, give £6,400,000; then we have a vast amount of mortgages on land, and their value can only be guessed at something like £500,000,000, and that at 4 per cent. gives £20,000,000 a year; then there are railways and house property, shops and industrial plant of all kinds, which I also put at £500,000,000, although they are probably more, and that at 4 per cent. represents £20,000,000 a year; then we have long leases and fixed ground rents of 75 to 99 years' duration; and then we have royalties on mines which come to about £5,000,000, and in addition to these we have a large number of pensions and fixed charges, the total amount of which is £150,000,000 a year—if we capitalize those on land at twenty-seven years' purchase, it is equal to £4,000,000,000, or two-fifths of the whole property of the country. Now this gigantic charge has been enormously increased in weight through the revolution of prices which has taken

place within the last twenty years. Supposing, for instance, a property was burdened with mortgages which twenty years ago were discharged by selling one-fourth of the produce of the land, it would take nearly one-half of the produce of the land now to meet them. Supposing that a mine or factory by some means was burdened with a heavy mortgage, and in place of the usual charge of one-fourth of the profit of the mine or factory it took nearly one-half to meet the interest, the result would be the same as if we had been transferring, or, at least, as if we had stood still and seen a transfer taking place of a great portion of the property of the country from the hardworking industrial classes to the money-lending classes. The whole result of this monetary revolution which we have gone through in the last few years has been practically to rob the working bees of society in favour of the drones. (Hear, hear.) All has played into the hands of the financial classes as opposed to the hardworking, toiling industrial classes. Consequently there has been produced somewhat of a glut in all the industries of the country. Everyone can see it who knows anything about trade. Every large industry has suffered from a very bad blight. The excessive fall in prices turns all transactions of profit into losses, and loss after loss having been encountered in the large trades for the past twenty years, there has been at last taken away all hope of any enterprise succeeding. The same thing has taken place in all other countries which have a gold standard. Do not let us think it is peculiar to England. It is quite as bad in France or Germany or in the United States, and on this point I might refer to a little extract from a French paper as to the effect of this state of things in agricultural property upon the cultivators and peasant owners, and in most parts of the continent, where its effect has been materially to increase the debts which low prices have brought upon

them. With regard to this, take for instance the National Debt of Prussia ; it averaged only 65 per cent. of the value of land in 1860, whereas it is now 80 to 90 per cent. ; mortgages were valued at £112,000,000 in 1853, they are now more than £500,000,000 ; while in France in 1876 they reached the figure of £840,000,000—that is half the value of the real estate of France and two-thirds that of Belgium. In conclusion the extract says that the picture of the day is the steady growth of debts of all kinds, and the division of most modern communities into debtors and creditors with widely opposed interests. (Hear, hear). Now, I say, Mr. Chairman, can anything be worse for civilized communities than a monetary revolution which is silently carrying all the property of this country into the hands of the money-lending classes ? Nothing could be worse. It is opposed to all the traditions of society and civilization, and is the greatest provocative of socialism ; it is the greatest provocative of discontent of all kinds, and it in fact is doing its best, so to speak, to disintegrate the social systems of all countries. Now I think that statesmen are exceedingly blind who cannot read the signs of the times. Statesmen are exceedingly dead to the true interests of the countries they represent who are fighting against this movement. This is a movement to be supported from social considerations ; it is a movement in the direction of justice ; it is a movement in the direction of the welfare of the masses as against that of the small, limited, but immensely wealthy financial classes. I think as these facts come to be understood, and they are coming to be understood, we shall find a great revolution in popular opinion taking place. It has already made great progress in this country, and it will make much greater progress in the next five years, and I shall not be at all surprised to see many of the statesmen of our country who are opposing it at the present day become its warmest supporters in a short

time. It is marvellous how soon statesmen become converted when they begin to see the force of public opinion is going against them. (Loud applause.)

I do not think I need add anything more, except to say in conclusion that I have merely tried to deal with one particular aspect of the case, but I think it will soon come about that people will see that no question can be of greater moment when they appreciate the enormous social significance of our movement. The public are rapidly grasping it, and I hope the time is near at hand when most of those who are regarded as authorities by all, will one and all, without exception, have accepted these views. I believe the time is coming when the tide of intelligence gradually rising will at last submerge the older and more conservative statesmen who at present are the chief obstacles to the progress of our movement. (Loud applause.)

THE CHAIRMAN :—In calling upon Mr. Smith I said that he was one of the earliest supporters of bimetallism in this country. I now have the pleasure of calling upon a gentleman who I think I may describe, if not as one of the latest, at any rate one of the late and certainly one of the most earnest supporters of our movement in this country, Mr. Dorrington, of Manchester.

MR. DORRINGTON :—Mr. Chairman, Ladies and Gentlemen—No one I think will contend that the cause of change in the general level of prices will affect all commodities alike. It is quite possible that while the general level of prices is falling owing to general causes, a particular commodity may remain stationary, and may even rise owing to special circumstances connected with its production and with its consumption. But this is one of those side issues which tend to obscure the main question, because our monometallic opponents are very fond of picking out a particular commodity and asking why it is not falling or why it is rising, in response to the rise or

fall in the general level of prices, brought about, as we believe, from the narrowing of the basis of the world's monetary system through the discarding of silver as an international money standard, and the elevation of gold to the position of being the official standard of monetary measurement to a degree which it never reached prior to 1873. No bimetallist will, so far as I know, contend that the laws of supply and demand no longer hold good in relation to particular commodities, and this is especially the case in regard to luxuries; but if there is any truth in the quantity theory of money (and I think that Professor Nicholson has shown that there is great truth in that theory), it surely cannot be denied that there is a strong connection between the general fall of prices and the change in the currency system of the world brought into play by the events of 1873, and the developing of the general tendency of nations since then to adopt a gold standard. Those who argue that money is merely a commodity surely lose sight of the fact that there is a great difference between money and the metal of which it is made. (Hear, hear.) The value of the metal will naturally adjust itself to the monetary use of the metal, but when it becomes money it is no longer a mere commodity, as that term is generally understood, but it is a measure of commodities in terms of which the commodities themselves are valued. (Hear, hear.) Can it be doubted that it is the function of Governments to determine the monetary use of the precious metals, or can it be doubted that it is the duty of Governments to base that determination upon such system as offers the greatest prospect of stability within the standard itself? But, beyond this, Governments have not to deal with the ideal or primitive state of society. They have to deal with the world of hard facts, and one of these facts is, that however much the idea of a single gold standard may command theoretical admiration, more than half the world

uses silver money, and either will not or cannot consent to abandon it in favour of gold. (Applause.) The development of international intercourse by means of steamers, railways and telegraphs, which have brought New York as near to London, perhaps, as Edinburgh was to London fifty years ago, the tendency towards the annihilation of time and space, have made currency an international instrument in a wider sense than ever before, and it is difficult to believe that a currency system, which isolates the silver-using portion of the globe from the gold-using portion, can claim superiority over a system which would tend to unite the metallic currencies of the world under one international exchange. There may be room for controversy as to the general good or the general evil which results from a general fall in gold prices, but if it be proved that silver money in silver-standard countries buys as much, or nearly as much, as it did twenty years ago, there can be little doubt, I think, that the dislocation of the world's currency which has developed since 1873 has thrown a difficulty upon the producers in gold-standard countries which the producers in silver-standard countries have to a large extent escaped. Compare for example the position of the British farmer with that of his Indian rival. The former has had to produce his wheat, for instance, under a continually falling price. Whatever the cause of the fall, he has been forced to dispose of comparatively more of his produce in order to obtain the gold necessary to him for the discharge of the many obligations, some of them extending over long periods of time, to which he had committed himself—not in terms of commodities, but in terms of gold money. The Indian farmer, on the other hand, has been able to continue producing without this continual increase of his fixed charges, except in so far as the Indian Government has had to increase his taxation in order to make up its loss from the depreciation of silver

in terms of gold—another phase of the same question. Down to 1873, we may say that the British farmer who devoted £100 to the cultivation of wheat had practically to compete against the wheat produced with 1,000 rupees ; to-day, he has practically to compete against the wheat produced with 2,000 rupees. If the cost of producing wheat in India has not risen in like proportion, it is easy to see what a powerful effect the depreciation of silver in terms of gold has had in reducing the price of wheat in the gold standard of England. (Hear, hear.) It may be, as some allege, that the general falling in prices is good for the community at large, but it can hardly be denied that it threatens to wipe the British farmer out of existence. (Hear, hear.) It is difficult to believe that there is not great danger attached to a system which tends to make England more and more dependent upon foreign countries for her food supplies, and which is reducing her great agricultural industry to a state of despair. I venture to suggest that the position of British agriculture to-day affords cause for grave national anxiety, and we may surely ask those who oppose the bimetallic system not to cast it lightly upon one side without first examining into its truths and satisfying themselves that it would not prove a remedy for these many and great evils, the existence of which is generally admitted. (Loud applause.)

MR. CHARLES HOARE:—Mr. President, Ladies and Gentlemen—I must apologise because I have not prepared a paper with such care as the papers that you have heard read to-day, but perhaps a few remarks by me may not be out of place. I should like to say a few words on the difficulty of fixing the value of silver, and on why bankers should be interested in arresting the appreciation of gold, and how the question of prices is really a fight between producers and people with fixed incomes. The most important question of all, perhaps, is

the fixing of the ratio between gold and silver, and I understand that is to be dealt with by Mr. Hucks Gibbs. Now with regard to fixing the value of silver,—silver is a commodity, as gold is a commodity, as wheat is a commodity, and all other articles in constant use. But silver, like gold, has special uses. One is for the arts, for instance, and another for the currency. For currency purposes the use of silver has been very largely curtailed, as has been explained to you by previous speakers, and therefore silver has specially fallen in value more than any other commodity that is in general use as measured in gold. I should like to take an agricultural illustration. It is as if the grower of wheat should only have value for his produce owing to some invention, or some new law that the corn of his wheat land should not be of value for human benefit, but such that the wheat plant, instead of being of value to the grower, as it is now, for the sake of the corn and also the straw, should then be only of value, so to speak, for the sake of the straw ; and that is to a large extent what has happened to silver. There are two values of silver, one is for the arts, and the other is for currency purposes. For currency purposes silver has been largely curtailed in its use. (Hear, hear).

Now with regard to the action of bankers on this question : it has generally been considered that bankers are opposed to any bimetallic alteration of the currency because they are supposed to gain by the appreciation of gold. As far as I can understand the question, bankers are mixed up most intimately with the prosperity of the country, and we do not gain by any large proportion of our customers carrying on their business at a loss. We gain by the general state of our customers' businesses being prosperous (Hear, hear); so it is quite a mistake to suppose that bankers gain by the appreciation of gold, which means the constant fall in prices, which means a constant

carrying on, by our most important customers, of their business at a loss. Now this difficulty of carrying out the programme of the Bimetallic League exists very largely, because the world, so to speak, and England in particular, is divided into two classes. One is the class of producers, and the other is the class of people with fixed incomes—and people with fixed incomes I take to be all the people who get their incomes from investments of a fixed character, and all the people who get their income from fixed salaries, whether it is the Chancellor of the Exchequer or the humblest individual employed in Her Majesty's service. All these classes are interested in things being as cheap as possible, because then their fixed incomes enable them to live in increased comfort, and so you find anyone who has paid even but slight attention to this matter, if his income is a fixed one, would say, I am interested in things being cheap, I want things to be cheaper and cheaper, and the more gold appreciates the better will be my position. That is all very well as long as he gets his income, but a time will come, if nothing is done to arrest the appreciation of gold, when these people with their fixed incomes will not get them. (Loud applause).

The Conference then adjourned till 2.30 p.m.

Wednesday, May 2nd, 1894, 2.30 p.m.

THE RIGHT HON. THE LORD MAYOR in the Chair.

THE LORD MAYOR :—My Lord Dukes, my Lords, Ladies and Gentlemen—This morning I was prevented from attending here at the opening of this Conference, but I have great pleasure in doing so now, and I give you all a hearty welcome. My predecessor, Sir Stuart Knill, received you last year. I do so this year with as much pleasure as he did on that occasion. I will not detain you now by any remarks, but will at once call on the Right Hon. A. J. Balfour, M.P.

THE RT. HON. A. J. BALFOUR :—My Lord Mayor, my Lords, Ladies and Gentlemen—I am not sure that I do not owe an apology to this assembly for appearing before them for the purpose, not indeed of giving an elaborate and scientifically reasoned exposition of my views upon this important question, but for the purpose of expressing general sympathy with the objects which have brought us all together. I have always felt some embarrassment in dealing in public with this question, because I am inevitably so much occupied with party politics, it is so large a part of my duty to make myself the spokesman of the opinions of a particular party in the State, that I always feel bound to explain when I appear before a public audience in a different capacity. On this occasion it is specially necessary that I should say that in what I am going to lay before you I speak only for myself, and that I cannot claim, and have no right whatever to claim, to be the organ or the mouthpiece of that one of the great organized parties of the State with which it is my highest honour to be connected. (Hear, hear.) I hope, Ladies and Gentlemen,

you will feel in the first place that some liberty of action must be allowed, even to a Leader of an Opposition, and that it is not forbidden him to come and express upon a public platform opinions upon a matter which in his judgment is of the greatest possible public moment (Hear, hear), even if the subject with which he deals is not one upon which either party in the State is agreed, or upon which differences of opinion which exist amongst us at all coincide or correspond with the ancient lines of political demarcation. Now, Ladies and Gentlemen, it appears to me that there are three questions, and three questions only, which we have got to decide in connection with this great controversy, and the first question is this: Is bimetallism, is a double standard, possible? The second question is, Supposing a double standard to be possible, is it just and is it equitable? And the third question is whether, supposing it to be both possible and equitable, is it expedient that we should adopt it? On the first of those questions, namely, whether a bimetallic or double standard be possible, I think I see signs of a great change of public opinion. (Applause.) There was a period, and a period not so long ago, when any man who had the courage, or, as it was then termed, the audacity to express an opinion in favour of the double standard, was supposed to be guilty of some economical heresy which, if we still sent people to the stake for heresy, would certainly deserve the utmost rigour of treatment that either the secular or the ecclesiastical law could impose. I think those days have long gone by. The general consensus of scientific economic opinion has now for many years been thrown with an overwhelming balance of opinion into the scale of the double standard. (Loud applause.) I am not offering an opinion now as to whether the double standard is just or is expedient, I am only discussing whether it is possible, and I say that on that question there is practically now a consensus of the

whole economic scientific opinion which has devoted itself to the elucidation of this problem, and any man who, in the face of that opinion, now quotes any of the old tags about demand and supply making it impossible to fix a ratio between the two metals, or such doctrines as that the interference of the State fixing prices must necessarily fail—any man who now relies upon arguments of that kind to show that the double standard is an impossible expedient, does nothing else than write himself down as an individual ignorant of the latest scientific development of political economy. (Applause.) Of course, the percolation of scientific opinion through the general body of the community is slow in this case, as it is in every other case, but as in every other case you may be quite certain that what scientific and detached and disinterested speculation decides to be true will ultimately come to be the conviction of the great mass of the educated population of the country, so you may be sure that in this case many years will not elapse before a man who should say that a double standard is beyond the power of international agreement, will show himself to be entirely outside the general balance and body of educated opinion, and will make it clear to all who care to form an opinion upon his authority upon such matters that he is still helplessly and hopelessly groping among ancient and forgotten fallacies. (Loud applause.) I do not dwell further upon this branch, because I understand that my friend, Mr. Leonard Courtney, than whom no more competent exponent of economic opinion exists—(applause)—is going to follow me with a paper in which he will deal specifically with this very point. I pass on, therefore, to the consideration of the next question which I laid down as one of the three which must be answered before we finally make up our minds upon the policy which it behoves us as a nation to pursue. That second question was whether, supposing a double standard to be possible, it was consistent with

public morality and public honour that it should be adopted? Now my friend and colleague, Mr. Goschen, than whom no greater financial authority I venture to think exists in this country, has publicly expressed his own dissent from the fallacious views which I have just been criticising, and has explained that so far as he is concerned he really does not agree with the popular current objections to the bimetallic theory. (Applause.) But if I really understand one of the utterances which he made in the course of a very interesting and important speech upon Indian matters, delivered not very long ago, he has not made up his mind that it is consistent with public financial honour that a State should make a change of this kind in the standard which regulates our personal, our national, and our international monetary obligations; and I quite agree that this is a point in the general question of bimetallism which it behoves us most earnestly to consider. If we are to be branded, justly branded, as the immoral monetary party, then I think our case is lost, and deserves to be lost, and I will never come before any audience in this country, least of all an audience in the City of London, and advocate a scheme which, although at all events very convenient and very advantageous to particular classes, is inconsistent with the general principles of public morality, which ought to regulate our action in this delicate and important question of monetary honesty. (Applause.) But, Ladies and Gentlemen, though I have given much reflection to the subject I have never been able to see that there was any ground whatever for the particular difficulty with which I am now attempting to deal. Of course history is full of examples of States which have committed fraud, and made themselves guilty of public plunder, by interfering with the currency over which they had control. The whole history of Europe, the history of North America, and the history

of South America give you examples of public frauds of that description ; but while it is certain and is admitted, and while we may further admit that it is a most critical thing for any community to touch the standard of obligations which regulates our commercial relations, I do not think it is right to lay down a proposition so wide that we may not touch that standard for the purpose of improving it and making it more stable, and making it a fair measure of value. (Applause.) I quite grant that it is almost impossible, perhaps it is quite impossible, to pass any legislation with regard to the monetary standard which shall not have some effect or other upon the relations between debtor and creditor, public or private ; but who on that account has ever thought it wrong for a State to rectify a debased currency, or for a State to substitute hard coin (I think that is the American expression) for an inconvertible paper currency ? Such operations, of course, have some effect upon the relations between debtor and creditor, but so far from thinking them blameworthy, the conscience of civilized mankind has always been of opinion, has always thought that there is no object more worthy of the efforts of a great financier than the placing of the currency of his country upon a permanent and stable basis, and the regulating it as far as he could for all time, so that these monetary obligations shall be governed by a fixed and stable measure of exchange. (Loud applause.) These being my general views upon the principles of public morality which ought to guide States in this difficult question, I, perhaps, might leave this branch of my enquiry into this part of the question which I have put to you without further comment or observation, but it may be worth while my reminding you that whether or not bimetallism leads to this interference with the legal standard, yet unquestionably monometallism does lead to it, and that in the most aggravated form. (Applause.) Of

course, from this mixed assembly party politics are absolutely excluded, and nothing that I shall say will drag them unnecessarily into the field of our debates, but it may be not improper to say that I have listened with astonishment, verging on amazement, to certain utterances from responsible politicians, who have laid down very high doctrines upon the subject of interfering with the currency of the country, but who have made themselves personally and directly responsible for the greatest interference which has probably ever taken place in modern times. (Applause.) I am not going to express any opinion at the present time as to whether the recent Indian legislation upon the subject of currency, for which we in this country are directly responsible, is wise or is unwise, but two things about it cannot be denied—the one is that it is the most remarkable attempt ever made by any civilised Government to manipulate the subject of the currency, and the other is that it is an attempt which is the direct and inevitable outcome of adhering to a monometallic system. (Hear, hear.) Therefore, I think I am not unjustified in claiming for bimetallists that at all events they shall not be made subjects of this kind of abuse by those who, if there be any fault in the matter at all, are far more open to criticism, and are far more proper subjects of blame, than any bimetallist can possibly be, even if his schemes be carried out to the full.

Now, having disposed of my two first questions, namely, the possibility and the morality of adopting the double system, there remains only the third question, whether it be expedient to do so; and on this I may perhaps be allowed to say, by way of preface, that I think it will not only be inexpedient, but also impossible to do so, unless the Government of the day which sets to work to deal with this great problem has behind it the balance of opinion in the greatest financial city of the world, viz., London—

(Hear, hear)—that it would be hopelessly impossible for any Government in this country to attempt to drag this country into an international agreement with the City of London against it ; and if it were attempted—and in my opinion it ought not to be attempted—it would be inexpedient, even if it were possible. But I think I am not wrong—though my means of information cannot be so good as those which are possessed by many who now hear me—I think I am not wrong in saying that there are indications of an important change in feeling amongst those who lead financial opinion in the great commercial community, before some of the leading members of which I have the honour of speaking at the present moment. It does not require much argument upon the platform from which I am addressing you to convince you that many persons who looked with either active dislike or with suspicion or doubt upon these schemes have now come to the double conclusion that we are menaced at the present time by a grave public danger, and that the way to meet that public danger is again to rehabilitate silver as one of the great instruments of monetary transactions in the world. (Hear, hear.) I believe I am not wrong in saying that there is no name which commands greater respect in the City than that of Mr. Lidderdale—(loud applause)—the ex-governor of the Bank of England, who did so much to steer us through one of the most fearful crises which has occurred within the memory of living men—(Hear, hear)—and I believe I am not wrong—he is present, and he will contradict me if I am wrong—in expressing it as his opinion that it is absolutely necessary that the monetary function of silver should be restored if the commerce of the world is to be carried on under healthy conditions and upon a solid and permanent basis. What Mr. Lidderdale thinks, I am convinced many others think in the City of London, and I do not believe that I am taking part in an

impossible, or even a difficult propaganda, in desiring to spread further opinions, with the success of which, in my judgment, the prosperity of the City of London is so intimately bound up. Now the question with which we are concerned is whether it be or be not inexpedient to adopt, by international agreement, this double standard; and I am far from denying—and I think a bimetallist is a very poor friend of his cause who should deny it—that there are difficulties, difficulties of detail it may be, but still difficulties inevitably attaching to the solution of this question. I have only to mention one of these difficulties, the difficulty, namely, of determining what shall be the ratio on which the nations of the world are to agree as that which is to govern the future relations between the gold and silver in the double standard. But though there are difficulties, they are, in my judgment, as I have just hinted, difficulties, not of principle, but difficulties of detail, and in spite of these difficulties—not at all difficulties of an overwhelming character—I am most strongly of opinion that if there be a question in this world which is by its character fit to be dealt with by international agreement, and which ought to be dealt with by international agreement, that question is the character of the currency by which international commercial business is to be carried on. (Applause.) I believe there are individuals who cherish the dream that currency is a matter for the State to regulate independently and for itself alone, that with its currency no foreign nation has a right to interfere, that it is a matter simply for the citizens of every community in relation to each other, and that the outside world need not be taken account of at all in coming to a decision upon a question which is one of purely domestic policy. Ladies and Gentlemen, this is a dream. (Hear, hear.) I will go further and say it is a dream worthy only of a mediæval dreamer. We have long passed that stage in civilization

when each country was a self-contained, or approximately self-contained, national unit, and when it could afford to disregard the internal commercial relations of other countries. Those days have gone by. They have gone by never to return, and I do not think there is a man in this room who regrets it. (Applause.) But while we have no choice but to allow foreign nations to interfere with our currency, what we can do is to say that they shall interfere with as much regularity and under as carefully prearranged conditions as possible. Just consider this. There are people who say, all you have got to do is to fix on a gold standard or a silver standard, as the case may be, and stick to that, and you will have a measure of value not affected by what other nations do, but dependent upon your own action only. What nonsense that is! The value of your standard, be it gold or be it silver, is the plaything of forces over which the nation as a nation has no more control than it has over the winds of heaven. A new country is opened up with gold mines or with silver mines, and lo! your whole standard alters in value; a chemist or mining engineer makes a new discovery, and lo! your standard entirely alters in value and in character. It occurs to one nation that it is necessary for its dignity to have a gold currency, and the whole of your commercial relations are upset. Another nation has thought it cannot support by itself the weight of open mints for both metals, and again your whole currency system is upset. We are and must remain units—national units—in a great community of nations, affected by their action, influenced by their deeds, prosperous or unprosperous according to the policy they adopt; and, as I think I once said before in this room, is it not absurd to talk of our taking an independent and isolated view of our own currency, when the action of the United States of America, an action not taken in concert with us, not taken out of friendly feeling

to us, not taken with our knowledge or with our advice, has forced upon the Indian Government and the English Government the adoption of the astounding system which now prevails in our great Dependency? (Loud applause.)

I therefore, Gentlemen, think that for the reasons I have given there is a plain answer to be made to each of the three questions which I put to you at the beginning of my address. I think that bimetallism, or the double standard, is a possible system—the joint standard perhaps I ought to call it. I think, in the second place, that we are morally justified as a nation in adopting it. (Hear, hear.) And I think, in the third place, that every reason of expediency ought to urge us to come into international agreement with the other great commercial peoples of the world, in order to fix upon what is the most stable basis that we can possibly attain for the measure which is to decide upon all commercial international relations, not now but for all future time. (Loud applause.) Holding these opinions, and feeling as I do how great has been the loss to the world at large, and to this great nation in particular, of having deferred so long coming to a decision on this question; feeling as I do that the solution of the problem was incomparably easier ten years ago than it was five years ago, five years ago than it is now, and now than it will be five years hence—(loud applause)—holding, I say, these opinions, great is the responsibility which rests upon those who keep England, the country which, of all others, should take the lead in this matter, in a selfish and I will add a stupid isolation with regard to the movement by which the settlement of this great international question may finally be determined. (Loud applause.)

THE PRACTICABILITY OF MAINTAINING A RATIO
BETWEEN GOLD AND SILVER UNDER AN INTER-
NATIONAL BIMETALLIC AGREEMENT.

THE RT. HON. LEONARD COURTNEY, M.P., said :—My Lord Mayor, my Lords, Ladies and Gentlemen—I feel a doubled difficulty in appearing before you at this moment. The first is one which you will all recognize—the difference, the painful difference, between the art and distinction of the speech of my right hon. friend who has just addressed you and my own. But beyond that, which would be an ever-present difficulty, I have to face this. The special subject upon which I have been invited to address you is the question of the possibility of an international agreement being framed, which would have the promise and hope of permanence. Mr. Balfour has stated that that is a question upon which there is at present a complete consensus of opinion amongst the educated and teaching classes of political economists, and it is a very awkward matter to attempt to impress it upon any audience. Yet this is the question which the conveners of this Conference desired me to attack, and, although it is true, as stated, that the Professors throughout this country and far beyond this country are well united in the opinion that an international agreement would have, if properly made, all the promise of permanence, yet there is a mass of sluggish resistance to new opinions and new creeds which you must go on fighting against, again and again, before you can hope to succeed in the enterprise you have set your hands to. Mr. Balfour himself has said that it would be impossible for any Government, however convinced of the expediency of an international bimetallic agreement, to attempt to enter on negotiations for the purpose of effecting it unless that Government knew that behind it and supporting its

action there was the opinion of the City of London. Now I think I recognize, as he recognized, upon the platform behind me and in front representatives of the greatest interests in the City ; men who are deservedly classed as the leaders in its financial and industrial enterprise ; men who may properly be expected to direct and govern opinion. Still I suppose there is not one here who is not aware that there is a great outside mass still indifferent, still unconvinced, and it is in order to get at the unconverted without, rather than to preach to the converted within, that we are holding this Conference to-day. (Applause.)

Now, upon this question of establishing and maintaining an international agreement, it may be confessed by us all that the answer of the natural man to any such proposition would be that it is quite absurd. It is beyond the habits of our thought. It seems to be outside the range of our legislation. How can you fix the value of gold in relation to silver any more than you can fix the value of other commodities ? A hundred voices have been heard in the past to cry out that the whole proposal is a dream ; that it belongs to past traditions, and could not be entertained at the present time ; that it belongs to the range of mediæval conceptions, when the rulers of nations thought that they could fix the price of bread, and of beer, and of beef, and the wages of men ; and tried to fix these things, and tried in vain—and, as we now know, properly tried in vain, and necessarily tried in vain, because they were fighting against the nature of things. Well, if we admit this to be true of the past, there is clearly some presumption against the notion that the relation could be fixed, and could be made permanent between gold and silver, and it is against that presumption that I have to address myself. I have put forward, not unsympathetically, the vast presumption against the possibility of tying gold and silver

together at a fixed ratio. We have all had to encounter in this matter the contempt of our friends, sometimes decently veiled, sometimes freely rampant. And it must be conceded to these open scoffers that the opinion they deride is a paradox if true. It is not what you would expect. But things beyond belief are sometimes true. Assertions that contradict our common sense turn out to be right. If it is thought that Mr. Balfour is right in his belief that practised and trained men have altogether put aside this contempt, I can say that I have heard it expressed without any reserve in quite recent months and weeks from the leaders and directors of financial actions amongst ourselves. Is there then any reason for suspecting that some difference exists or can be made out between the connection between gold and silver, and the attempt to fix the price of other objects so that, paradoxical as it may appear, it should, in the end, have to be confessed as practicable that a stable ratio could be effected and could be maintained. Now to persons of candid mind who are approaching this question, I would suggest that it is a somewhat staggering fact that twelve men, having been selected presumably because of some special qualifications for the work, and having given two years, more or less, to its consideration, came in the end unanimously to the conclusion that a stable ratio between gold and silver might, by agreement, be maintained in any condition of the future that could fairly be contemplated. Ridiculously impossible, says Common Sense. Quite possible, reply the chosen and deliberative twelve. Two, indeed, subscribed to the conclusion with hesitation, doubting about the permanency of the ratio, though it might be maintained for a considerable time; but this hesitancy scarcely abates from the significance of the consensus. Let it also be remembered, for this is most significant, and it is a thing I shall have to dwell upon again before I cease addressing

you, that the twelve were not united in favour of trying to establish a ratio by international agreement. Six were advocates of this step; six did not see their way to recommend it; and the latter six, while declining to recommend International Bimetallism, made their plain declaration of opinion as to its practicability. Here are their words:—

“We think that in any conditions fairly to be contemplated in the future, so far as we can forecast them from the experience of the past, a stable ratio might be maintained if the nations we have alluded to [the United Kingdom, Germany, the United States and the Latin Union] were to accept and strictly adhere to bimetallism at the suggested ratio. We think that if in all these countries gold and silver could be freely coined and thus become exchangeable against commodities at the fixed ratio, the market value of silver as measured by gold would conform to that ratio, and not vary to any material extent.”

Now, I have said that these twelve jurymen were persons who were presumably selected because they were able to understand the subject, to collect opinion with some degree of ability, and to come to just conclusions, which might be trusted, from the opinions so collected. I will not say anything more, because I was one of them myself. But these twelve were picked men, and this was the conclusion of the twelve, and especially of the six who were not themselves in favour of any international action. I am sure that the majority of them were men of some discretion, and I think nobody will say that our Chairman, who happens to be now, for the second time, Lord High Chancellor of England, is a man of hasty or rash or immature judgment. (Hear, hear.) I may add that I have some reason to believe that, if not all—for I have not been able to make myself acquainted with the sentiments of all—but

the majority are precisely of the same opinion now as they were when they signed the Report. They are confirmed in their opinion. Much has happened since the Commission. The development of the money organisation of the world has made it, as Mr. Balfour says, more difficult to consider a change now than it was five years ago, and yet the persons whose authority I have cited are of the same opinion now as they were then. So that we have two years' study, two years' examination, and more than five years' consideration of the financial developments which have followed the issue of the Report of the Gold and Silver Commission, confirming the opinion then entertained as to the practicability of maintaining an international agreement. Now that is a very considerable fact, and I am justified in trying to emphasize it to the best of my power. I do not know whether the next circumstance to which Mr. Balfour himself alluded really will carry so much weight as he thought, and as I believe it deserves. After all, professors do not rule the world. (Hear, hear.) The uninstructed resist the tyrannies of their teaching with considerable pertinacity. Why, if professors governed the peoples, the United States would have long ago been a free-trade community, and those who follow the legislation of France cannot always see in that legislation a clear reproduction of the doctrine and the teaching of that great *catena* of authority which has distinguished the school of political economy for more than a century in France. Therefore, I would not lay too much stress on the practical consequences that should flow from unanimity of professorial opinion, but I may still put upon record upon high authority what I believe is true—that all the professors of the United Kingdom have recently had it under their consideration whether they should not sign a declaration of opinion in favour, not only of the possibility of establishing an international ratio, but of the desirability of doing it. (Applause.) They have not, I

understand, finally agreed upon action ; they have differed as men do yet differ, as to whether there should be any indication of the kind of ratio to be established, and they differed also as to the character and reasons upon which stress should be laid for adopting international action ; but the fact remains—and the fact is significant and important—that they were all agreed, not only on the possibility of an international ratio being stable, but on the desirability of arriving at an international ratio.

There is a concurrence of authority sufficient to make Common Sense reconsider its first conclusions, but I am the last man to think that this or any other matter can be settled by mere authority. I am a great rebel against authority : I like to have one man's opinion, even though the whole world is against it. Therefore, I proceed from the question of authority to consider briefly what are the reasons for this conclusion. What was it that led the Commissioners—monometallists and bimetallists alike—to believe an international ratio was practicable. I do not think they all thought it when they began their work. My impression is that a great section of them did not in the least believe that a stable ratio was possible when they began to consider the problem they were appointed to review. What was it then that led them one and all alike to believe this international ratio was practicable ? I think the ground of their conviction was very simple. They believed a stable ratio could be maintained because they found it had been maintained. (Hear, hear.) They thought it could survive the dangers of the future because they found it had survived the dangers of the past. After all, there are very few stronger arguments against an attempt to show a thing is impossible than that of adducing an example of its being done. You might have a thousand reasons demonstrating the impossibility of a particular course, but if you get one illustration of it being done

what becomes of the thousand reasons? Sixty years ago people might be persuaded that a steamer could not cross the Atlantic, and learned persons put forth an argument to that effect, but nobody could be so persuaded now; and the practical evidence that an international agreement, though partially limited, was still powerful enough to be maintained under a severe trial—a trial the like of which it is improbable will soon again be met with—is what I believe told with the mass of the Royal Commissioners in coming to the conclusion at which they arrived. The Royal Commissioners found, as an uncontested and incontestable fact, that the price of silver measured in gold had remained wonderfully steady from the beginning of the century down to the year 1873, the average price oscillating about 60*d.* per ounce, 59*d.* being about the lowest point, and 61½*d.* the highest. For the whole of those seventy-three years that was the steady price of silver. We know what has happened since 1873. Something occurred then, and the price of silver has dropped and dropped and dropped till it is now somewhere between 29*d.* and 30*d.* per ounce, I believe, about one-half of what it was steadily at during the whole of the years from 1800 to 1873. Now that steadiness was a remarkable fact. Mr. Gladstone, you may remember, last year adduced the fact that silver had remained through those years steadily at 60*d.* an ounce to show the stability of gold. (Laughter.) That was a very queer proposition. If he had adduced it to show the stability of silver it would have had a *prima facie* appearance of being soundly stated; but it no more proved the stability of gold than of silver. What it did prove was this: that gold measured in silver, and silver measured in gold, had remained steady (applause), that the ratio between them had been steady. As regards all other commodities measured by these two metals it proved nothing, but it proved as between two metals that they were steady, and

it becomes at once an important question to ask how was it possible that this steadiness was maintained. These years had been years of great international disturbance—had been years of foreign wars—of political complications—and, what is more, they had been years of immense disturbance in the relative conditions of production of gold and silver. During the first forty-five years of the period under question, silver had been produced in very great abundance as compared with gold. During the last twenty-eight years the whole thing was overturned, the conditions of the production of the two metals were interchanged, and yet the ratio between them was unchanged. (Applause.) To what circumstance can you attribute that extraordinary stability? It might be said “Oh, it is not difficult to understand why gold should always be measured with the same amount of silver, and silver with the same amount of gold—both are produced with remarkable steadiness—there is no variation in the relative conditions of production of the two metals, and so they remained in the same relation one towards another.” But when the production of gold absolutely changed, as it did, after the gold discoveries of California and Australia, and the whole relations of the two were altered, you must look to some other explanation of this very significant phenomenon. The gold discoveries were such as I say that the amount of gold produced in the world was multiplied ten-fold, and instead of the value of silver produced being about three times that of the gold produced, the value of the gold produced became more than three times that of the silver. (Hear, hear.) Surely if there is any change due to the conditions of the production which must compel a change in the ratio between the two commodities, unless there is some other cause checking and altering the natural consequences of the change of these conditions, such an enormous change as that must have brought it about. (Hear, hear.) There

was a complete overturning of the values, and nobody could tell how the thing would end. Holland, we know, demonetized silver. Monsieur Michel Chevalier was so alarmed at the prospect that he wrote a book calling attention to the danger which threatened the whole organisation of the economic condition of society, and the late Mr. Cobden thought so highly of it that he translated it into English for the benefit of the English reader; and I am bound to say, looking back on that time, that I think their anxieties were not overstrained. Nobody could tell what would be the end of it. Gold might have gone on being produced more and more profusely. France might have become gorged with gold, parting with its silver so far as effective circulation was concerned, and we might have had, long before it came upon us, a dislocation of the ratio between gold and silver by gold being depreciated instead of appreciated. That danger was never realised. The peril was over-passed; the production of gold began to decline after something like twenty years: the production of silver began to increase, and throughout it all there was maintained this absolute stability between gold and silver. (Applause.)

But whether gold grew on silver, or silver on gold, the price of silver measured in gold remained steady at and about 60 pence an ounce, until something happened in 1873 having no direct relation to the supply of either metal. Germany demonetized silver, and the mints of France and the Latin Union, which had been freely open to the coinage of it and of gold, under a law which allowed every debtor the option of paying his debt in silver or gold at the ratio of $15\frac{1}{2}$ to 1, were closed to silver; and the price of 60 pence per ounce—the price corresponding to this ratio—which had remained steady under all vicissitudes of production of silver and of gold, began at once to waver and decline, and the decline has proceeded to this day.

With experiences such as these before them, it is not surprising that the Royal Commissioners who shrank from bimetallism were encouraged to express an opinion that a bimetallic ratio might be agreed upon with promise of permanence. There appeared to be no reason to apprehend greater changes in the conditions of production of the precious metals in the future than had occurred in the past, and the changes that have been realized have in fact not approached those that accompanied the gold discoveries; and if one agreement of limited range had weathered the severest trials, another and wider agreement might weather the future. It is too late to deny the possibility of that happening again which happened up to 1873.

Now, I ask, were Lord Herschell and his colleagues who did not favour action towards bimetallism, rash in their deductions from the experiences of the century? There is one critic—one critic of the highest authority—who shakes his head very sadly at the miscarriage of the judgment of those twelve men. Mr. Giffen fights his fight with an ardour and a courage that must command our highest admiration—(Oh!)—it does mine. He may be entirely mistaken, but I like to see a man fight with his back to the wall when he is convinced, as he is convinced, of the accuracy of his opinion. Mr. Giffen does not deny that the price of 60 pence per ounce, which did prevail, corresponded to the ratio of $15\frac{1}{2}$ to 1, which was the ratio established in France, but he says that France was never really a bimetallic country; that it was at one time a silver-using country with a premium on gold, and then it became a gold-using country with a premium on silver, and never, therefore, had the reserves necessary to enable it to keep the silver market steady. If it was steady, and if the point of steadiness corresponded with the French ratio, we must not assume the relation of cause and effect between the ratio and the steadiness. *Post hoc ergo*

propter hoc, he says, and says properly, is a dangerous bit of reasoning, and you can never assume that the ratio operates until you understand how it operates. That, I believe, is a true statement of Mr. Giffen's position, as far as it goes. It might be all accident, but it would be a queer accident lasting for years upon years; still opponents say it might be an accident, and unless we can concoct some explanation which shall show them how the thing worked, we shall not be able to persuade those who cling to the belief in accidents. The explanation which appears upon the face of things will be rejected as the true explanation, and men will remain in their incredulity until we can by some process of cause and effect bring together the stable price and the French ratio. The demonstration of the movement of the heavens was resisted long after it was made patent by Newton's discoveries, and it was resisted until the conviction of the accuracy of his reasoning permeated the public or instructed mind when his explanation came to be adopted. It is true, I admit, that France was predominantly a silver-using country up to 1847. The coinage of silver very much exceeded the coinage of gold. The silver in currency very much exceeded the gold in currency. But while it is true that France was predominantly a silver-using country up to 1847, it was not exclusively a silver-using country; it had always a coinage of gold as well as of silver, and Mr. Giffen gives a table showing that from 1821 to 1847 the coinage of gold was one-tenth of the whole coinage. The fact that such a proportion was minted with fairly continuous steadiness gave France the characteristics and powers of a bimetallic country. A man never presses with equal pressure on both feet. I am not doing so at this moment. I press more heavily upon one or the other, and except in moments of transition from one to the other there is never an absolute equality of pressure, and that is true of all men. None the less, the

fact that I rest upon two feet keeps me in a stable condition. France leaned more heavily on silver than on gold, but both were brought to the French mint, and, as long as both were brought, the ratio established between them in France determined the price of silver in Europe. You cannot have a different price prevailing in one market from that which prevails throughout the rest of the markets of the world, except so much difference as has reference to the cost of transportation, if that one market is effective and working; and as long as the French market was effective and working, the price of silver in Europe as compared with gold necessarily corresponded to the price in France; and hence the circumstance which Mr. Balfour has alluded to, and which you must always remember, that we are not and cannot be isolated in this regard. However much we here are indisposed to take any action, we must confess that the action taken elsewhere altogether alters our circumstances here, and our inaction becomes action—our inaction produces a change, which cannot but have its effect everywhere. (Loud cheers.) Now what is the explanation? If gold and silver were metals, with no other use than as means of measuring values, the explanation would be simple and transparent. Forgive me if I state what is to most of you elementary knowledge, but it is necessary to repeat these elementary things if we wish to reach the unconverted man. If I say gold and silver were mere materials of money, the *modus operandi* would be simple. Suppose a ratio of 25 to 1 adopted, it would then follow that, in the silver mine just on the margin of profitable working, the production of silver with a given application of capital and labour must be twenty-five times as much as the production of gold in a similarly situated gold mine with a similar application. If you have got a gold mine just making its way, and a silver mine just making its way, and if you apply the same

quantity of capital and labour to work the one as you do to work the other, and if the gold is twenty-five times the worth of silver in the markets, the same amount of capital and labour must produce twenty-five times as much silver out of the silver mines as gold comes out of the gold mine ; otherwise you get a transfer of labour and capital from one to the other, until the amounts produced in those mines, on the margin of working, corresponded to the ratio adopted by agreement. If the ratio were placed so high that no silver could be remuneratively obtained in accordance with it, no silver mine would be worked, and silver would cease to be produced ; if so low that gold could not be obtained at a profit, no gold mine would be kept open ; but between these limits many ratios would be practicable, and if a ratio were chosen that nearly corresponded with what may be called normal conditions of gold and silver mining, both the metals would be freely worked and freely tendered for minting. Between those limits indicated there are a great variety of ratios which might be practically adopted, and which might continue to rule, and by the adoption of which the Government would keep open or shut up the mines in question, so as to determine what gold mines should work and what silver mines. If, in fact, we said that gold was to be thirty times as valuable as silver, and it had no other use than its use in money, you could not keep open a silver mine, profitably working, except it produced thirty times the bulk of that metal as compared with the gold, both mines being carried on on the margin of production.

The theoretical conditions of the problem are made more complex by the consideration that gold and silver have other uses than to serve as the material of coin, but they are not substantially altered by this addition. It is easy to see that if silver were now freely readmitted to use as money among the commercial nations at its present market

ratio, gold would not cease to be produced, and its production and mintage need not even be sensibly lessened. The gold mines would go on as they go on now if we adopted a ratio which conformed to the present ratio, and if the ratio were more in favour of silver than the present ratio, some gold mines might cease to be profitable, but others would continue working: and up to a considerably higher point the ratio might be advanced before all the gold mines should be driven out of work. Between those extreme limits which can only be ascertained in fact by experience some mean can easily be recognized as that which will allow both sets of mines to be kept open. Between those extremities there is a long range of practicable ratios which might be adopted with stable maintenance by the countries of the world. (Hear, hear.)

Now, I have only one thing to say in conclusion. The belief that an international agreement could be established with promise of permanence may be held without any corresponding conviction that it ought to be attempted. You will remember I stated at the first that the six of the Royal Commissioners who did not see their way to recommending international action were all convinced of the practicability of establishing a ratio. You may therefore be ready to recognise the practicability without proceeding to insist on its desirability, and it is well to get this one thing recognised and acknowledged and advanced. Another instance may be cited. There never was a sturdier monometallist than the late Lord Bramwell, who fought the battle of monometallism almost as lustily and pertinaciously as Mr. Giffen himself. But Lord Bramwell came before the Royal Commission, and demonstrated in his vigorous way, that a ratio was possible by international agreement. He disdained to palter with his mind. He saw it was possible, and he gave his reasons for the belief. He proved to the satisfaction of himself and of those who heard

him that it was possible, and he ended by saying it was not desirable. But indeed he demonstrated so much long before the Royal Commission sat. As far back as May, 1881, he had sent a letter to *The Times*, signed with his well-known signature "B," in which he laid down and demonstrated, not only the feasibility of effecting a ratio by international agreement, which could be maintained, but he pointed out, in the way that I have attempted to point out now, the limits within which such a ratio must lie in order to be practicable and effectual.

I therefore only desire in conclusion to say that I have limited my speech and address to the point of the practicability of the ratio. I have myself gone farther. I have attempted to argue—and I do not shrink from it—that it is desirable that a ratio should be effected by international agreement. (Loud cheers.) The evils of its absence press upon me, and press upon me more and more heavily. I think it is desirable, but my paper here is only directed to the question of the practicability of a ratio. To that only it is addressed—not to the desirability of it, though I am in favour of it. Nothing whatever has been said—and I desire to safeguard myself in conclusion from being supposed to utter any opinion—as to what the ratio should be if the ratio is to be adopted. I have only endeavoured to dispel, as far as I can, the prejudice of the common man—the unthinking prejudice—the vulgar prejudice—the primary prejudice of the primary human being—that this thing is impossible because he has not appreciated that it has been done, and because he has not been able to follow out the argument which demonstrates the reason why it has been accomplished. (Loud cheers.)

M. HENRY CERNUSCHI (Paris):—Mr. President—Either it will be stipulated that silver shall be universal money, and that in Europe and the United States gold shall be money at the ratio of 1 to $15\frac{1}{2}$ of silver, or nothing will

be stipulated. Why? Because if for the ratio of $15\frac{1}{2}$ you substitute a ratio more favourable to gold, France will be obliged either to remint her gold pieces in order to make them lighter, or to remint her silver franc pieces in order to make them heavier. I am going to demonstrate that France cannot and ought not to undertake to remint either her gold or her silver currency.

Two hundred francs in silver, of nine-tenths fineness, weigh a kilogramme (40 crowns). Three thousand and one hundred francs in gold of nine-tenths fineness weigh also a kilogramme (155 coins of 20 francs). These 200 francs in silver, and these 3,100 francs in gold constitute the $15\frac{1}{2}$ ratio.

Let us suppose that, in accordance with what is proposed from various quarters, France were to consent to adopt, as an international ratio between silver and gold, 25 to 1, instead of the old ratio of $15\frac{1}{2}$ to 1.

If France were to give effect to that change by coining gold pieces of less weight than those now current, she would have to divide the kilogramme of gold, not into 155 pieces, but into 250 of the current value of 20 francs each, though lighter. You would then have 5,000 francs in gold against 200 francs in silver—5,000 to 200, that is, 25 to one. Thus he who possesses at the present moment 3,100 francs in gold, would find himself worth 5,000. He would only have to melt down his 155 coins and present his bar to the Mint, and he would receive in return 250 pieces of 20 francs (5,000 francs). He would, therefore, gain 1,900 francs, or 62 per cent. That is absurd, ridiculous, and inadmissible.

Then what would happen if France, to realise the ratio of 25 to 1, instead of tampering with her gold currency, were to withdraw her silver coins in order to mint heavier ones? It would then be necessary to divide the kilogramme of silver, not into 200 francs, but into 124, for 3,100 francs in gold are to 124 francs in silver in the ratio of 25 to 1. The loss would be 76 francs, or 38 per cent. It would not

be the public who would have to bear that loss, but the Treasury. In return for a thousand million francs withdrawn from circulation, the French Treasury would have to pay a thousand million francs in silver coins of an additional weight of 38 per cent., or in gold coins. Loss, 380 million francs on each thousand million.

It is true that since 1873 the five-franc pieces have been nothing more than metallic tokens—just like all other silver coins in Europe and in the United States, and like all the rupees since the coinage of silver has been prohibited at Calcutta and Bombay. But francs in gold are so plentiful that they are not at a premium in silver francs. If Great Britain will not have bimetallism at a ratio of $15\frac{1}{2}$, France must remain in *statu quo* and wait.

The disappearance of the French bimetallic parity in 1873 was followed by two results: (1) frequent and violent fluctuations in the rate of exchange between countries, on the one hand, who only strike gold coinage, and, on the other hand, countries monometallic in silver; (2) a great fall in this same rate of exchange.

Fluctuations in the rate of exchange would be abolished if a ratio (whether 10, 15, 20, or 25) were fixed by the great metallic powers. But the incalculable damage that has been done, and is being done, by the great fall in the rate of exchange, cannot be stopped except by a return to the $15\frac{1}{2}$ ratio. Even if you established by international convention the ratio of 25 to 1, you would only sanction the evil, consecrate and perpetuate it. The Indian Treasury, which has already, in twenty years, disbursed a thousand millions of rupees, levied upon the taxpayers, to meet the losses on the exchange between the rupee and the pound sterling—the Indian Treasury would find itself obliged to procure, every year, by taxes or by loans, about 120 million rupees, if instead of realising the $15\frac{1}{2}$ ratio it had to accept the ratio of 25 to 1 imposed by international

agreement. The losses that the fall of the rate of exchange inflict in Europe upon agriculture, commerce and various industries, and those that it inflicts upon the finances of States monometallic in silver, and upon the creditors of those States, would become chronic and permanent.

The ratio of $15\frac{1}{2}$ was proposed conjointly by the United States and France at the Monetary Conference held in Paris in 1881. That ratio cannot but suit Germany, for the thaler, which is unlimited legal tender for three marks, has a ratio of $15\frac{1}{2}$ to the gold currency of that country. The Dutch silver florin weighs almost exactly $15\frac{1}{2}$ florins in gold. The silver rouble weighs $15\frac{1}{2}$ roubles in gold. The $15\frac{1}{2}$ ratio, therefore, suits the whole continent. The position of silver in Austria is, however, peculiar. The Austrian florin is too heavy in relation to the gold crown recently introduced. If $15\frac{1}{2}$ were adopted as the international ratio, Austria would have to convert her florins into silver crowns of a weight of $15\frac{1}{2}$ in relation to the gold crown. The holders of florins would realise a bonus, but the other countries would have nothing to complain of, especially as the majority of these florins were coined when silver was everywhere at a ratio of $15\frac{1}{2}$ to gold.

What about the United States? The silver dollar weighs $412\frac{1}{2}$ grains, or equal in weight to 16 gold dollars. It is too heavy. It would have to be replaced by a new dollar weighing $15\frac{1}{2}$ dollars in gold, that is to say, 400 grains. That change would mean a profit of 3 cents per dollar to holders either in specie or in silver certificates. Moreover, the Federal Government would, without spending a cent, become proprietor of the balance which would remain of all the silver purchased at a low price from 1878 to 1894. But these profits would involve no loss to Europe; they have, so to speak, been paid in advance by the mine owners, who sold their metal to the Government during the suspension of bimetallism at $15\frac{1}{2}$ to 1.

With regard to England, while keeping her pound sterling and her token money, she would only have to resume the coinage of rupees and to introduce a 4s. piece containing 350 grains of fine silver, in order to realise at home the $15\frac{1}{2}$ ratio to the pound sterling in gold.

The $15\frac{1}{2}$ ratio is even more advantageous, more indispensable to England and to India than to France, to Germany, and to the United States. And it is England that ought to protest if the other Powers proposed to substitute for the $15\frac{1}{2}$ ratio any other proportion more favourable to gold (Cheers.)

MR. ROBERT BARCLAY said :—Ladies and Gentlemen—The arrangements of this Conference were that certain papers were to be read upon given subjects, and that the discussion afterwards was to be on the subject of these papers. Mr. Leonard Courtney, as you are aware, has given an important paper upon the practicability of maintaining a ratio between gold and silver under an international bimetallic agreement. Mr. Cernuschi has rather transgressed the rule of discussion, and I leave altogether what he has said to be dealt with by Mr. Hucks Gibbs when the matter of ratio comes to be considered at to-morrow's sitting. I now go on under the arrangement with a very few words, following up Mr. Courtney's very able paper. I think that the Bimetallic League has very much reason to congratulate itself upon the great advance which this Conference marks. There has been a league of silence in existence working against our league; and in no place has our question been so completely burked, and the public mind so kept in ignorance of the advance made, as has been the case by the press in London. (Hear, hear.) After great efforts, those who early started in this cause were delighted to find that the Government had consented to a Commission upon the subject. The Gold and Silver Commission was appointed, and after

two years of laborious investigation they issued their masterly report, not complete and in the style that we would have altogether wished, but it was, nevertheless, a most important report. Unfortunately, that report fell flat upon the London mind. Why? Because the London people did not know what it was. It was all in Blue Books, and very few people read these Blue Books. People trust to be informed by the public press of what is going on, by brief summaries of information giving them the gist of all that is done without the trouble and toil of wading through Blue Books. But nothing of this kind was done by the London press, and the consequence was that this important report fell dead, and seemed to have been as it were interred. Now to-day I think we are witnessing here a resurrection of that report, and in the masterly speech of Mr. Courtney we have come to see to-day the underground foundation which this Commission laid—a strong and stable foundation, not only in the report of the Bimetallic members, as one-half of them came to be called (they were not such, you must remember, when they began their labours), but in the report of the whole twelve selected jurymen, as Mr. Courtney has called them, was there laid a foundation upon which we can build up and go forward in this glorious cause; and Mr. Courtney can cite the very words of these jurymen in support of his contention as to the practicability of maintaining a ratio between gold and silver. That is a very important point which we have gained. Mr. Courtney has also referred to the weight of scientific opinion now in our favour, and has very fairly stated the influence which the change of attitude in this respect ought to have. At the beginning of the movement all the then professors were against us, but it is very different now. We must remember that the whole of England was until lately monometallic. Twenty years ago the bimetallists could be counted almost on the fingers, and there were only

a few men who raised their voices against the foolish counsels which were given in 1867, which led to the demonetization of silver by Germany, and brought trouble directly upon England and upon the whole world. I think the position that we have shown to-day of strength and progress marks a glorious step onwards in this great cause, and I do not see how the advance can stop here. You have given an impetus to it by this Conference, and the noble words which we have heard from Mr. Balfour, as well as from Mr. Courtney, and those who spoke earlier in the day, will help to carry us on to victory. We often meet with people who say, You are missing the most important thing; you are looking too much at silver, or you are looking too much at gold and neglecting the silver aspect of the question; but the question is many-faced, and everyone from his own standpoint sees a particular aspect of it. It is just like a cut diamond with many faces, which sparkles most brightly from the one particular face which you happen to see, and this hides for the moment what the other faces of that diamond are, but every side is important when you come to look at it; and you must remember that your friend, who has been perplexed by other considerations than yours, has as much cause for seriousness as you have. It is sometimes a silver question affecting exchanges; at other times it is a gold question affecting values. It reaches all quarters, and is so many-faced because it touches the whole life of man, and the whole of his relations, both in business and in social life. Truth is often slow in getting under weigh, as it were, and the best productions of man sometimes at first remain unheeded, but they tell at last, and I believe that this important report of the Gold and Silver Commission is going to come up with light and strength and illumination upon this question in a way which people never thought of.

MONS. ALPHONSE ALLARD, Brussels (Honorary Director of the Belgian Mint), gave an address in French, of which the following is a translation :—My Lord Mayor, My Lords, Ladies and Gentlemen—After the eminent speakers to whom you have been listening, I am naturally diffident in addressing such an imposing assembly.

I must apologise for doing so in French, and will try not to overtax your patience.

I wish to lay stress upon what the preceding speakers have told you, about that singular pretension in which the monometallists would have you believe, viz. : THAT IT HAS BECOME IMPOSSIBLE TO RE-ESTABLISH THE FIXED RATIO WHICH HAS HITHERTO EXISTED BETWEEN GOLD AND SILVER, AND THAT, ON ACCOUNT OF THE HEAVY FALL IN VALUE OF THE LATTER METAL.

If the silver metal expressed in gold has fallen in value, we all know that it is because in 1873 laws were made in Europe for abolishing the fixed ratio which existed between the two metals. When it was decided to make those laws the white metal had not depreciated ; the fall, therefore, has only been caused by written laws, and is only the factitious work of man—not the fatal work of nature which is irremediable.

To be frightened, with the monometallists, at the fall of silver would be acting like those children who make big shadows on a wall and are themselves frightened by them.

What I wish to show, My Lord Mayor, is that, in spite of the fall in silver, the fixed ratio between gold and silver can be re-established ; that it has always existed, and that it will force itself on the civilisation of to-day in defiance of efforts to the contrary ; and finally, that if we wait too long we shall be threatened with much greater evils than those we have experienced so far.

We belong to an age in which steam and electricity hurry us on so fast that we have scarcely time to read a

book, a review, or even a newspaper article—one might almost ask if there is time to think?

You will, I know, excuse my entering, therefore, into certain details which are indispensable with so vast a subject.

Simple solutions are accepted to-day with such facility that monetary studies become vitiated.

Here are five points which have been spread about amongst the public—these points are simple, but are only paradoxes :

- 1°. IT IS NECESSARY TO HAVE ONE STANDARD OF VALUE ;
- 2°. THERE SHOULD BE ONLY ONE METALLIC CURRENCY ;
- 3°. SILVER MUST BE SUPPRESSED, BECAUSE IT HAS FALLEN ;
- 4°. ONLY THE GOLD STANDARD SHOULD BE ADOPTED, BECAUSE IT IS UNCHANGEABLE ;
- 5°. FINALLY, IT IS IMPOSSIBLE TO UNITE BY A FIXED RATIO A METAL WHICH VARIES WITH ONE WHICH DOES NOT.

I feel assured that I am reproducing here the arguments of the monometallists just as I heard them two years ago (in 1892) at the Brussels Conference.

We ought to combat such statements, not only in the name of Science, but in that of History, Progress and Humanity.

I.

“THERE SHOULD ONLY BE ONE INVARIABLE STANDARD OF VALUE,” IT IS SAID.

I have often heard this phrase repeated, and have devoted much time to trying to understand the idea which it was intended to express, but it has never, to my thinking, represented more than a hollow sound, very sonorous, and resembling that of a drum.

The value of a thing is the quantity of money you pay for it. If money is scarce, one gives little ; if abundant, one gives much. The result, therefore, is that the value of commodities, as well as that of money, will always vary, and that incessantly, as much with one as with two metals.

If all values are always variable, always changing, how, I ask, in these restless waves, will one find this myth which has never existed, *an unchangeable standard of value* ?

It is very evident that there is no cause for attaching importance to the first of these five propositions which I have mentioned : there cannot be an invariable standard of values which are elastic. Let us pass, please, to the second point.

II.

“THERE SHOULD ONLY BE ONE METALLIC CURRENCY.”

It is very easy to state such a thing, but when it comes to putting it into practice a material impossibility confronts us.

As Mr. Dana Horton said at the Monetary Conference of 1878 : “ I can well say that I should be charmed to lose twelve inches of my waist ; but who will give me the means of doing so ? ”

It is now twenty years since the people of Europe decided to have only one metal, and not to use silver any more. It is not sufficient, however, to enact such a law in order to change the nature of things, and to modify society that has been established for many centuries past. In this connection let us remember the old adage which says : “ that *no law can validate that which is forbidden by nature.* ”

Not one of the nations of Europe who have formulated this law of the demonetization of silver have succeeded in getting rid of that metal, or of doing without it ; and yet they have been striving to this end for nearly a quarter of a century. It is that nature is opposed to their efforts. Twenty years in attempting, without success, to demonetize

silver!!! Is it not proof positive that monometallism with gold is but a dream, and that by itself gold is insufficient? After all, its scarcity has up to the present only ended in a fall of all prices, an intense crisis, and to continue the experience would certainly result in a disaster; we shall never succeed in suppressing silver money; two-thirds of the population of the globe are using this metal only.

III.

“WE MUST SUPPRESS SILVER BECAUSE IT HAS FALLEN IN VALUE, AND MAINTAIN GOLD ALONE IN CIRCULATION BECAUSE IT DOES NOT VARY.”

Here, Gentlemen, the error is a double one, and we must all the more fight it with energy.

It is from that mistaken belief that the error of our opponents arises—it is gold alone which has risen in price. As for silver, it has but followed the fate of all the other commodities; it has fallen neither more nor less than *grain, silk, wool and all the other riches of the world*. This persistent mistake of refusing to see the rise of gold and merely observing the fall of silver, reminds us of the illustrious Italian mathematician of the 16th century, Galiléo, who had such great trouble in proving that it was the earth and not the sun which was revolving. Our difficulty to-day consists in convincing people that it is gold which has *risen*, and not silver which has *fallen*, in value; that, in other words, the malady against which we are contending and to which the remedy should be applied, is the appreciation of gold. It is eleven years since this phenomenon was pointed out by one of your greatest financiers, one of your most eminent statesmen, Mr. George Goschen, at the Bankers' Institute. In 1883 it was that he summed it up in these few admirably expressed words: “*Happy are those who possess pounds sterling in gold—unhappy those, on the contrary, who have merchandise or riches to sell.*”

People are to-day beginning to understand how true was that remark uttered eleven years ago: they are beginning to understand that the capitalists and property owners suffer less from the fall in prices than the producers, agriculturists and workmen. It is therefore clear to everybody that the monetary question is developing protectionism and social war.

We find, it is true, a few hardened persons, generally the oldest of the old School, who bravely assert that there is quite enough gold, and give as proof the *abundance of cash balances at the banks*, without in any way remembering that that arises from the decrease of business. Take away half the horses from the London omnibuses, and the public service would cease. Afterwards go to the stables, and tell me if you do not find there many horses. The cash balances of the Banks of Europe are the stables where the gold is, now idle for want of business transactions; the presence of that gold is a sign of a public calamity.

Gold is the social blood which ought to circulate in the channels of commerce, and when it stops one may expect accidents, apoplexy or anæmia; we become now anæmics. It cannot any longer be doubted that the demonetization of silver has produced the scarcity of money and the fall in gold prices; the only remedy is an international agreement for the restoration of silver to its former monetary position before 1873; that is to say, with a fixed ratio of value between the two metals.

IV.

They say further, "IT IS IMPOSSIBLE TO ESTABLISH A PROPORTION OF FIXED VALUE BETWEEN SILVER WHICH HAS FALLEN AND VARIES EVERY DAY, AND GOLD—THE METAL WHICH HAS ESSENTIALLY A FIXED PRICE."

In this there is an impossibility which does not exist, and against which facts themselves protest. Not only do all

the nations of Europe employ silver for payments in cash, but they employ it in a fixed proportion as compared with gold, although they all decided a quarter of a century ago to do without silver !

The monometallists pretend that it would be impossible for nations met in Conference to establish a fixed ratio between gold and silver, whilst each of these peoples retain at home their unit of value intact for a quarter of a century ; the *thalers* in Germany ; the *5 francs* among the Latin Union ; the *florins* in Austria ; the *drachmas* in Greece ; the *piastres* in Spain ; and the *roubles* in Russia, are silver moneys joined by a fixed link of value to gold.

In bars, silver is reckoned at 32 kilos to one kilo of gold ; whereas in coin only about 15½ kilos are required.

What you each one of you do at home, why could you not do all together by international arrangement ? I ask you. The price of gold coin is only, after all, a price forced by law. Why could not the price of all those silver moneys circulating with full paying power in Europe be also fixed by law ? and why could we not again open the mints to silver as in former years ?

It is generally believed then, that England since 1816, and in conformity with the principles of Lord Liverpool, had become monometallic. In law that was true, but in fact it is, I believe, a mistake. England has in reality benefited until 1873 by the tie which existed in France between gold and silver in the proportion of 1 to 15½, and has used bimetallism, without which she could not have prospered.

Whenever England received silver from her Colonies, that silver was sent to France in exchange for gold, which in London was coined into sovereigns. Whenever, on the other hand, she had to remit silver to India, she sent her sovereigns to Paris, taking in exchange silver five-franc pieces, which were sent to the East. This was constantly

done between the years 1851 and 1868. This was the application of the monometallic principles of Lord Liverpool. Until 1873, England has therefore been able to remain with impunity monometallic *in law*, because *in fact* France furnished her with all the advantages of her own bimetallic system. England benefited by the fixity of value between gold and silver which existed on the other side of the channel. It was that system which was called *Lord Liverpool's Monometallism*. After 1873, and when that fixity of value between the two metals ceased to exist in France, England entered, but entered then only into the monometallic state, both in law and in fact, such as Lord Liverpool had meant it. It is unnecessary to recall here the crises which began nearly a quarter of a century ago, and which are far from ending if the fixity of value between the two metals is not restored.

V.

SINCE ITS ORIGIN CIVILISATION HAS USED THE TWO METALS WITH A FIXED RATIO OF VALUE BETWEEN THEM.

These questions are far from being new, in fact they are as old as the world. I am speaking to Christians who know the Scriptures. The wisest of all the kings, *King Solomon*, was confronted 3,000 years ago by the same difficulties as England is to-day; he had also to consider the question of trade with India. This fact appeared to me sufficiently extraordinary to bring it before your notice; it was established by the enquiring researches of one of your most illustrious Oxford Doctors, your celebrated philologist, Mr. Max Müller.

The Scriptures state in the Book of Kings that Solomon had the fleet of *Tharsis*, a long-voyaged fleet, which brought not only gold and silver to Jerusalem, but also great riches from India (*Ophir*), amongst which *ivory*, *monkeys* and

peacocks, words written in Sanskrit, the language of the Brahmins, which betray without possibility of mistake their Indian origin. Solomon had also to consider the question of silver. He tells us in the Book of Kings (v. 27, ch. x.) that *silver* “*was made to be in Jerusalem as stones.*” King Solomon was in the same position as England of to-day ; he had to consider the fall of silver. What did this wise king do? He never thought for a minute, like Lord Liverpool did, of demonetizing silver ; he tells us himself (Kings I., ch. x., v. 25) he received his taxes in *gold and silver*, despite the depreciation, and performed *an act of true bimetallism*. He counted, doubtless, on the commodities which he could purchase in India with that silver. Already in those remote days a fixed ratio existed between the two metals. In this very room of the Mansion House, in the month of February, 1889, your illustrious Oxford Professor, Mr. Max Müller, announced his magnificent and learned discoveries in philology. He informed us that at Babylon there existed pieces of gold of the weight of one of your pounds sterling ; that pound sterling of gold was subdivided into twenty shekels of silver (one might almost say shillings). In calculating their weight the learned Doctor succeeded in proving that the fixed ratio between gold and silver was 1 to $13\frac{1}{2}$ —3,000 years ago.

You will allow, My Lord Mayor, that it is very strange to find that 3,000 years ago King Solomon had to consider the depreciation of silver, and that from the point of view of India, just as England has to do to-day. It is just as curious to find that bimetallism resisted the fall of silver which oppressed Jerusalem ; that, notwithstanding, Solomon continued to receive his taxes in silver ; and that, finally, the English pound sterling which dates from those remote times had a fixed ratio with silver of 1 to $13\frac{1}{2}$. There is, therefore, nothing very new in hearing us ask

to-day for the re-establishment of bimetallism which existed already in the reign of Solomon. Europe and America are awaiting the signal from England for a new International Monetary Conference which would save humanity from its present ills. England would only follow the wise example of its ancient king, Edward IV. Allow me to mention to you in this respect a precedent very little known, and nowhere related until now. It was discovered a few months ago, by one of my countrymen, Mr. Alphonse de Witte, a very learned Belgian numismatist, in the archives of the city of Bruges, viz. :—

“King Edward IV. of England, and Charles the Bold, Duke of Burgundy, being much concerned about the scarcity of money which created in their dominions a great fall in prices, disorders and a great wrong to the public wealth, and both being very desirous of relieving the agriculture, industry and commerce of their two countries, agreed to call together in Bruges, in 1469, the first Monetary Conference which, I believe, ever existed. As a result of this Conference England and Belgium signed a convention which gave currency in the two countries to twenty-seven kinds of gold and silver coin. This was consequently a bimetallic currency. The two nations found so great an advantage from it that a new treaty was made in 1520.”

Might one not hope, My Lord Mayor and Gentlemen, that your great country, bearing this precedent and excellent example in mind, would decide to also take the initiative in calling together a new International Monetary Conference, as Edward IV. did in 1469? The whole world would be grateful for it.

VI.

“CIVILISATION HAS ALWAYS USED THE TWO METALS, AND WHEN IT HAS ATTEMPTED TO DO WITHOUT ONE OF THEM IT HAS ALWAYS COME TO GRIEF.”

The most memorable attempt of this kind is, I think, that of Mirabeau, in the third year of the French Republic. There was enacted by the “Convention” a monetary system based on silver only ; gold was simply an accessory of variable value.

Scarcity of money was the result of this law ; the fall in prices (which always follows) was the consequence, so that at the end of the year XI. they were forced to revert to bimetallism, which established itself everywhere, and still exists in Europe. It is the same attempt which was made on a larger scale and by more nations at a single time in 1873 ; it still continues—the same evils have followed, and they will continue as long as a fixed ratio of value is not established between gold and silver currency, with free coinage for the two metals.

Those laws made in 1873 against silver are in opposition to our manners, customs and habits, such as they have been established for more than 3,000 years. We have tried to do without silver, and the result is as a vast shroud thrown over the business of the world. The fall in prices, the persistent diminution of riches, the want of work, the struggles of labour against capital, socialism and even anarchism, are bringing us back every day nearer the worst times of 1848, with this difference, of course, that we have no longer California and Australia, as in 1851, to end the social troubles which now cause us anxiety.

Gold alone is evidently insufficient, and we shall have to imitate Solomon by accepting silver again as formerly, and fixing a relative value between the two metals—this is the possible way of utilizing silver.

If we do not succeed in this we must give up putting silver in circulation, and we shall then be called upon to see the present crisis continue and the fall in prices increase. But you will ask how far can this go?

I reply in conclusion, My Lord Mayor, to that question, that, I fear, one can assign no limit to it, and, with your permission, I will find the proof in a fact drawn from the History of England in the time of Edward III., the illustrious founder of the Order of the Garter and of the Post Office in England in 1349.

For 209 years no money had been coined at the London Mint; merchandise, property and goods had reached such a point that the smallest quantity of gold or silver had the power of buying enormous quantities of commodities, so scarce was money and so high in price. The fall in prices reached such a point that Edward III., this powerful King of England, when marrying his daughter, only settled on her a sum scarcely equal (according to Jacob, on "Precious Metals") to £110 sterling.

Our monarchs have not yet considered it their duty to content themselves with such a small income, but this example proves at all events that, without free coinage of silver, with a fixed ratio between gold and silver, we are advancing on certain ruin.

In conclusion, I sincerely pray that the noble efforts of the English Bimetallic League may very soon be crowned with signal success, in order to avoid an impending disaster.

Mr. WM. SMART, LL.D. (Lecturer on Political Economy, University of Glasgow):—There are two points bearing on the practicability of the ratio on which I might say a word.

The first is, that arguments against the maintenance of an international ratio, based on the failure of such attempts in previous centuries, are quite beside the mark. I do not

think that the people who use this kind of argument realise the difference there is between the 19th and all the centuries which came before it.

If it is remembered that, in 1760, there was not a canal nor a spinning mill in all England; that 70 years ago, there was not a railway line in existence, it is enough to show that many things may be attempted now which could not be thought of a hundred years ago. In particular, I would draw attention to one difference; it has been noted by Professor Seeley, but does not get the attention it deserves. It is that it was not till well on in this century that peace became the habit of the world, and industry its all-absorbing occupation. Let me run over the wars in which we were engaged between the Revolution and Waterloo.

The accession of Dutch William plunged us into a war with France, which lasted till 1697. Five years later we were fighting, along with Austria, the Dutch Republic and Portugal; again against France, the war of the Spanish Succession, made notable by the victories of Marlborough. This lasted 11 years. In 1713 came the longest truce of the century—the 26 years of peace we owed to Walpole. But in 1739 we went to war with Spain over Captain Jenkins' ears, and Spain, being in close alliance with France, we fell into war with our old enemy by the way. This lasted nine years. Eight years more and we, in common with the States of Europe, were plunged into that sanguinary struggle known as the Seven Years' War—France, Austria, Russia, and the German States on one side, against Frederick the Great and ourselves on the other. Twelve years after that again, in 1775, we entered on that most lamentable war with our revolted American colonies, which lasted eight years, and brought us into conflict again with France and the Dutch Republic. Ten years more, and we began that life and death struggle with revolutionary France, which lasted, with one year of uneasy

truce, till Waterloo. But before its end we had drifted into a war with America in 1812.

That is to say : in 126 years we had seven great wars, the shortest lasting seven years, the longest twelve ; in all sixty-four years of active war. These were all European wars in which England was engaged. But, besides these, we had our disturbances within our own country ; we were conquering India meanwhile, and, of course, the nations of Europe had other wars among themselves.

Now, gentlemen, if you consider the history of the world since Waterloo, how little, comparatively, its peace has been disturbed ; how limited the great wars of our century have been, and pass from that to realize how intimately the interests of every country are now bound up with the interests of almost every other, by reason of the development of trade and the investment of capital, you will agree with me, I think, that international agreements are now possible which a century ago were inconceivable.

This being so, if we find that, for the first seventy years of the present century, one nation, almost single-handed, maintained a fixed ratio between gold and silver, and so affected their relative values in the other countries that the greatest variation from that ratio was insignificant, I think we may say that an international agreement to maintain the ratio does not deserve to be called an "experiment."

I am very much tempted to point out that there can be no better guarantee of international peace than an international money.

The other thing I should like to say is, that gold and silver are as much *sui generis* among commodities as the nineteenth has been among centuries ; and that the assertion, so often made, that no power has ever been able to fix the relative value of any other commodities, suggests a false analogy. Money—metallic money—is indeed a

commodity, but it is a commodity which stands in a class by itself, and cannot be dismissed by assertion about commodities generally.

Is there any other commodity which all the world wants, and of which no one has ever too much? Is there any other commodity which we take, not to use, but to hold and to pass on unused? Is there any other commodity whose market is the whole world—a commodity, that is, which is saleable anywhere and at any time?

Is there any other commodity which you can take to a Government office, and have returned to you weighed and assayed, and guaranteed, and put in convenient form, without charge?

Is there any other commodity which does its work, not with the annual crop or with the crops of a few years, but with a stock accumulating since the days of the Pharaohs?

Is there any other commodity on which you can raise a superstructure of economies and substitutes so gigantic as to put the original foundation almost out of sight?

Finally : Is there any other commodity which a Government will accept for all dues, customs, taxes, and, to crown all, in which no creditor can refuse to take payment of his debt?

Till our opponents can show us other commodities at all like these, I deny that failure to maintain the relative values of any ordinary commodities is an argument against the fixing and maintaining of a ratio between the two "Third Commodities" * of the world.

The proceedings of the Conference then terminated for the day.

* Gold and silver as monetary metals.

Thursday, 3rd May, 1894, 11 a.m.

MR. HENRY HUCKS GIBBS, President of the Bimetallic League, in the Chair.

THE EFFECTS OF THE FALL IN THE GENERAL
LEVEL OF PRICES.

- a.* THE AGRICULTURISTS.
- b.* THE MANUFACTURERS.
- c.* THE WAGE-EARNERS.
- d.* THE MERCHANTS.
- e.* THE BANKERS.
- f.* THE INVESTORS.

SIR WILLIAM H. HOULDSWORTH, Bart., M.P., said:—I do not propose in this paper to attempt a demonstration of the specific effects of a fall in the general level of prices upon each of the various classes of business enumerated in the programme. These particular effects will be dealt with in detail by subsequent speakers. My aim will be to lay down the great principle which underlies all special results, in the hope that it may serve as a general explanation how it is that a fall in the general level of prices caused by a contraction of the currency, or, in other words, by the appreciation of the standard of value, leads to commercial and industrial depression, which must ultimately injuriously affect all classes of the community. That general principle can scarcely be better or more concisely stated than in the phrase used by Mr. Balfour in his speech in this hall on the 3rd of August last year. He then characterised “the appreciation of the standard of value” (which I need not remind you is the equivalent of a fall in the general level of

prices) as "the most deadening and benumbing influence that can touch the springs of enterprise in a nation."

The main reason why a continuous or prolonged fall in prices causes depression in trade and industry is, that it discourages enterprise on the part of capitalists, whether large or small ; and by increasing the burden of their obligations gradually deprives them of the power to extend or even to carry on productive industries. This state of things sooner or later must rob an increasing population of wage-earners of the opportunities of labour. This, in its turn, must react prejudicially on the army of distributors (sometimes called middlemen), whether merchants, brokers or shopkeepers, and on the auxiliary businesses of bankers, stockbrokers and others. The process by which the wave of depression, caused by the failure and inability of capitalists to keep the wheels of industry going, reaches these latter classes, may be a slow one. But it will reach them at last ; as, indeed, is proved by the fact that the twenty years of depression, through which we have been passing since 1873, is now making its effect felt upon many departments of business in this City which, till lately, it was supposed, would remain exempted under all circumstances from the difficulties and losses which agricultural and manufacturing industries have for a long time been struggling under.

It will be admitted, I suppose, that it is productive industry alone which creates wealth ; and that it is increased wealth which tends to diffuse prosperity. It will also be admitted that the first requisite for the development of industries is capital. Now, if it can be shown that a fall of prices discourages capitalists from embarking fresh capital in fresh undertakings, or in new extensions, then it is obvious that falling prices must have the effect of retarding industrial development, thus diminishing the demand for labour, decreasing the calls upon the auxiliary

forces of commerce, such as bankers, financiers, stock-brokers, contractors, engineers, lawyers and others, and in the end producing what is called Depression of Trade.

The question therefore is, Do falling prices discourage capitalists from investing capital in trade? And if so, why? As an abstract proposition I imagine few will dispute that falling prices do tend to discourage the investment of capital in industrial undertakings. But the disastrous consequences of such discouragement seem to be very imperfectly realized. Francis Walker, the eminent American Economist, whose book on Political Economy is the text-book at Oxford, speaking of the appreciation of gold says, "An appreciation of gold constitutes a truly fearful addition to debts, mortgages, and fixed charges of every description. But even this is hardly the worst feature of the situation. Nothing is so discouraging to the merchant and manufacturer as to bring forward goods for a falling market. Declining prices cut into the normal profits of business, check enterprise, and retard the productive investment of capital."

But in the face of the stolid indifference with which many well educated people, even statesmen in high placés, regard a continuous fall of prices, such as has taken place during the last twenty years, I am forced to show how it operates against the investment of capital in greater detail.

No one goes into business of any kind, either as an investor, or as an active worker, unless he thinks he may anticipate profit, or at any rate income. But falling prices, if they do not destroy all such anticipations, suggest risks which considerably modify them. For, though it be true that a fall in the market price of a particular commodity may stimulate its consumption and so create an increased demand, and a subsequent rise in price yielding additional profit, this final consummation cannot be reached if prices continue persistently to fall. The additional profit

in the case I have put, if made at all, is made by the rise in price, not by the fall. Moreover, the process I have described is not possible when the *general level* of prices is falling—that is, when, broadly speaking, prices are falling all round, because during that time all incomes are diminishing, and consumption diminishes in proportion. In these circumstances there is not greater demand for commodities, but less. Then we hear the cry of over-production. No wonder:

But it will be said if there is a fall of prices all round, there will practically be no change in the proportion of things. The only result will be that fewer counters will be used. Now people who argue in this way forget that, when a general fall of the prices of commodities occurs, there is no corresponding and *simultaneous* fall in the money value of old debts, nor of deferred payments, nor of mortgages, nor of demands which are fixed by law or custom, nor of salaries, nor of wages. These obligations are of the nature of fixed charges, and are at best only gradually and slowly reduced after a considerable interval. Mr. Courtney has remarked that a fall in the general level of prices of only 10 per cent. “would just counteract all that we have done in the last fifteen years in the reduction of the National Debt. We have reduced the nominal amount, but the real burden is unaltered. The pressure of all debts, public and private, has increased.” They do not fall *pari passu* with the falling in the prices of commodities in the wholesale markets. The consequence is that producers, whether agriculturists or manufacturers of any kind, are caught between the upper and nether millstones of falling prices and of fixed charges, and are inevitably crushed. Under such circumstances, when prices are continually and persistently falling, capitalists very naturally do not encourage industry. If engaged in it, they either withdraw their capital, if they can; or struggle on, limiting their

operations as much as possible ; or are forced to seek relief from the kindly hand of the Bankruptcy Court. Those who are out of business do not go into it.

We are often told that this is a fanciful picture. The Chancellor of the Exchequer in his Budget speech the other day congratulated the country upon its prosperity, and upon the soundness and solidity of its commercial, financial and monetary policy. He told us that the statement of Revenue for the past year which he presented was "not only financially, but socially, a most satisfactory return." But what is this "satisfactory return" ? Notwithstanding the fact that the population is increasing at the rate of over 1 per cent. per annum "the Exchequer Receipts from Taxes" of all kinds are steadily declining. If the Income Tax last year had remained at 6*d.*, instead of being raised to 7*d.*, the following would have been the figures for the last three years :—

EXCHEQUER RECEIPTS FROM TAXES.

1891-92	...	...	...	...	£75,340,000
1892-93	...	...	...	...	£74,840,000
1893-94	...	...	...	...	£73,257,000

Such is the "deadening and benumbing influence" of a fall in prices. All gold-using countries are feeling it to-day.

It is not so in silver-using countries, except so far as the want of fresh capital from gold countries may have retarded their development. But, internally, the industries of silver countries have prospered and increased because prices have remained stable, or, as lately, have rather tended to rise. This is a conclusive argument, in my opinion, that gold has appreciated. If it has, then all businesses, even those most remote from production, carried on under a gold standard must ultimately feel depression, because the fall of gold prices, which is only another name for the appreciation of gold, has made the businesses of producers unprofitable.

Capital no longer feeds and stimulates them, but holds aloof till solid ground is reached.

I am purposely abstaining from illustrations, as I leave these to succeeding speakers. But I cannot refrain from mentioning that the low rate of interest in the money market, which some people seem to think is an argument against the theory of the appreciation of gold, is really an argument in support of the view that I am now putting forward. It is an evidence of the abundance of capital seeking investment and unable to find it. In old days in Lancashire we used to say if cotton was cheap, or if food was cheap, or if money was cheap, there was sure to be good trade. Now we have all three cheap. Still the authorities, both in the press and in the country, tell us trade was never more depressed nor the outlook more gloomy.

There are only two out of the six classes enumerated in the programme to which I would like for a moment specially to refer. I am induced to do this because, at first sight, they may not seem to be so directly affected by the considerations which I have brought forward as others. I allude to merchants and wage-earners.

As to merchants, it is true that during a time of falling prices they stand comparatively in a more favourable position than producers. From the nature of their business, which is only buying and selling (both operations being often performed simultaneously), and having no plant or property liable to depreciation, and few fixed charges, they are able to a considerable extent "to jump from ledge to ledge" while the earthquake is proceeding. But they often get caught; and the embarrassments of their business during a time of ceaseless change in prices and exchanges frequently compel them from time to time to cease their operations altogether. This policy of "masterly inactivity," which they are

often forced to adopt, tends still further to lower prices, thus injuring the manufacturer and producer, while at the same time they suffer loss themselves by the stoppage of their trade. I would here point out that any circumstances that tend to restrict or arrest the operations of merchants directly militates against the prosperity of producing industries. Merchants form the advance guard of commerce. They are the pioneers who open up the way for industrial productions. It is the supplies they carry to new markets and to uncivilised countries which create new demands. It is true demand creates supply; but it is also true that supply often creates demand. If, therefore, during any period, a sudden disturbance in prices, or abnormal variations in the exchange between gold and silver countries alarms the merchant and arrests his operations, it is not his individual loss which is the most serious feature in the situation (though that is not to be lost sight of), but it is the reflex action of the stoppage of distribution upon all the industries of the nation which is most disastrous.

The wage-earners do not immediately feel the evil effects of a fall in prices. Indeed, so long as the former rate of wages is maintained and full employment is continued, they may possibly find themselves in rather a better position. But this cannot last long. The difficulties and losses of the capitalist employers very soon affect them. Short time is the first effect; then irregular and diminished opportunities of employment. Later on, bankrupt employers close their works. An increasing population of workers does not find a corresponding increase of work provided for them by capital. The labour market becomes congested. Demands are made upon the Government and upon Local Authorities to create employment which these bodies are unable to meet. Wages do not rise. They tend to fall. Reduction of wages is demanded. It is resisted. Then

ensue those painful conflicts between capital and labour—strikes on the one hand and lock-outs on the other—which embitter the relations between employers and employed, and which all the Boards of Conciliation and Arbitration cannot compose, so long as the economic forces of depression of trade are exerting their malign influence. I notice in the last report of the Labour Department of the Board of Trade it is recorded that “the disputes of the month show a remarkable increase, 100 having been noted, compared with 57 last month and 37 in March, 1893.”

I had not originally intended to present any statistics to the Conference in support of the views I have put forward, but the following facts, taken from the *Economist's* “Commercial History and Review of 1893,” are too important and suggestive to be withheld. They appear to me to indicate that a serious decline in the industries of this country has already begun.

There is scarcely a single trade which does not exhibit marked symptoms of retrogression during the last five years.

In the Iron and Steel Industries the production of Pig Iron has gradually diminished from $8\frac{1}{4}$ million tons in 1889 to $6\frac{3}{4}$ million tons in 1892 and in 1893. The exports of Iron and Steel have fallen in the same period from 4 million tons in 1889 to $2\frac{3}{4}$ million tons in 1892 and in 1893. In December, 1892, there were 91 furnaces in blast in Scotland, while in December, 1893, there were only 84.

Shipbuilding, although, as the *Economist* remarks, “considering the depression it was on a fairly large scale in 1893,” has dwindled from 1,209,000 tons in 1889 down to 836,000 tons in 1893, a decrease of not less than 30 per cent. in four years.

In the Cotton Trade the Raw Cotton consumed has fallen from 1,656,000,000 lbs. in the year 1890 to 1,482,000,000 lbs. in the year 1893.

The exports of cotton yarn have fallen off from 258,000,000 lbs. in 1890 to 206,000,000 lbs. in 1893, and the exports of Cotton Piece goods from 5,124,000,000 yards in 1890 to 4,653,000,000 yards in 1893.

In addition to these alarming figures the *Economist* gives, on the authority of the *Oldham Chronicle*, the following particulars as to the return on the capital invested in the Limited Liability Cotton Spinning Companies of Oldham during the last year, and the result was worse in 1892. It states that in 1893 the net earnings of the ninety-three companies whose balance sheets are made public was £75,000, which, on the total capital employed, viz., £7,000,000, gives only about 1 per cent. "So that," says the *Chronicle*, "a cotton spinner employing none but his own capital in the business would have made a little over 1 per cent. in 1893—while in 1892 he would not have made more than $\frac{3}{4}$ per cent." For the last ten years, from 1884 to 1893 (both inclusive), the *Chronicle* states that "the balance of profit over loss is £10,253, or £1,025 per company per annum." The *Economist* adds, "as the average amount of the paid-up share capital is £40,333 each, it follows that for the last ten years the share capital invested in the Oldham and district cotton spinning industry has only earned on the average £2 10s. 10d. per cent. per annum." The number of these mills in Oldham has not appreciably increased since 1886, there having been ninety of them in that year, and not more than ninety-three now. This is not to be wondered at, for, as the *Economist* remarks, "with such results there is not much encouragement for capitalists to embark in the cotton spinning trade."

It is said, I know, that such unsatisfactory results as these cannot fairly represent the general returns of Industrial trade, because the Income-tax Assessments under

Schedule D continue to rise. But there are two answers to this argument.

I. As a matter of fact the *ratio of increase* of profits under Schedule D has sensibly decreased during the last twenty years, compared with the preceding twenty years. This feature in the Income-tax Returns was pointed out by Mr. Giffen in a paper he read before the Statistical Society in 1888.

From 1854 to 1874 this increase in the Assessments was about 80 per cent. From 1874 to 1894 the total increase has not been more than 30 per cent.

II. But there is another point which must not be lost sight of. Schedule D embraces the profits not only of the Productive Industries of the country, but also the profits of the Distributors of Commodities (middlemen, shopkeepers and others), as well as the incomes of the various professions. Now, however useful these latter classes may be, it will not be pretended that they add to the wealth of the country, or contribute to the employment of productive labour in the same sense or to the same degree as industrial undertakings do. If Schedule D were divided—as it might be, and as it ought to be—so as to show the annual profits derived from Productive Industries separately from those made in the various businesses of distribution and by the professions, the relative stagnation of industry during recent years would, I believe, be at once clearly seen. When it is remembered, as Mr. Goschen stated in his Budget speech of 1892, that “the aggregate profit made by the medical profession” exceeds the total profits realized in the whole of the Cotton Industry; that the profits of the legal profession exceed the total profits from coal mines; and, finally, that the profits of the whole of the

Productive Industries of the United Kingdom put together—"cotton, wool, silk, ready-made clothing, metals and hardware of all kinds, shipbuilding, sugar refining, tanning, chemicals, brewing, distilling, and so forth"—only amount to "one-half of the profits which fall under the head of distribution and transport"; it must be evident that the returns of Income-tax under Schedule D, as they stand, are a most fallacious test of industrial progress or of the profits derived from Productive Industries.

As to cotton weaving the *Economist* quotes "Worrall's Directory" as its authority for stating that in four counties of England alone, viz., Lancashire, Cheshire, Yorkshire and Derbyshire (no account being taken of Scotland, Ireland, or other parts of England), "there has been a diminution within the last twelve months of over 13,000 looms" on a total of 600,000.

But the most striking fact, and one which bears closely on the views expressed in this paper, is the decreasing amount of new capital invested in enterprises of all kinds, even including loans to Foreign and Colonial Governments. The decrease per annum during the last five years is shown in a table given by the *Economist*. It is headed "*Capital Created and Issued*," and is to be found on page 6 of the "Commercial History and Review of 1893." It is as follows:—

1889	...	...	£207,000,000
1890	...	...	142,000,000
1891	...	...	104,000,000
1892	...	...	81,000,000
1893	...	...	49,000,000

Of this comparatively small amount of new capital invested in 1893, not one-fourth of what was invested in 1889, the *Economist* states that—

£3,000,000 represents Loans to Foreign Governments.
 £12,000,000 represents Loans to Colonial Governments,
 almost entirely issued for the repayment
 of present existing loans bearing a higher
 rate of interest.

£9,000,000 represents Loans to British, Colonial and
 Foreign Corporations.

£12,000,000 represents Investments in Railways, British,
 Colonial and Foreign, chiefly in the form
 of new Preference Stock.

£36,000,000

These items account for £36,000,000, out of the total of
 £49,000,000, leaving only about £13,000,000 for general
 industrial or commercial enterprises, of which sum I notice
 that over £1,000,000 was for "Music Halls and Hotels"!

But there is one statement more to which I must refer,
 and I will give it in the *Economist's* own words:—"There
 is probably no better indication of the condition of our
 working classes than that afforded by the returns showing
 our consumption of the dutiable articles upon which a
 considerable portion of their income is spent. And from
 these it is evident that, owing to reductions in wages, want
 of full employment, even for willing workers, and the
 voluntary idleness, sometimes for protracted periods, of
 those who took part in the numerous strikes, there was,
 in 1893, a distinct curtailment of the spending power
 of the people." After giving some details and some
 explanations, the *Economist* proceeds:—"Still the fact
 remains that the condition of the working population
 as a whole did deteriorate last year, and of this further
 evidence is afforded by the returns of pauperism." The
 returns of pauperism given show that the number of
 paupers in England and Wales had risen from 666,000 in
 1891 to 727,000 in 1893; or from 22·7 to 24·5 persons in
 receipt of relief in every 1,000 of the population.

On this point the *Economist* further remarks:—"There

was thus in 1893 a distinct increase, not only in the number of paupers, but also in proportion to population, and that this cannot be attributed altogether to the great coal strike (which however had undoubtedly a considerable influence) is proved by the fact that the increase was not confined to the districts mainly affected by that unfortunate dispute, but extended to all divisions of the country, without exception."

It is this state of things that lies at the root of those social disturbances and those difficult labour questions which are so prominent a feature of the present time, and for which no real solution can be found so long as this deepening trade depression continues to paralyze the energies of the nation. The "deadening and benumbing effects" of a continuous fall in prices must, in the long run (slowly, insidiously, and silently it may be, yet certainly), reach every class in the community, from the highest to the lowest. It is perfectly idle to expect prosperity so long as honest, industrious effort is weighted by ever-increasing burdens, and so long as capital is driven away from industrial enterprise.

MR. R. LACEY EVERETT, M.P.:—Mr. Chairman, Ladies and Gentlemen—I will confine my observations within a very few minutes for two reasons, first, because many speakers desire to follow me on the interesting subject opened up by the paper which has been read to us; and secondly, because I have just had sent to me the message that owing to the indisposition of Professor Foxwell, I am desired almost immediately to go as a witness to the Royal Commission now sitting on the Depression in Agriculture, to give evidence in his place.

Now my first observation is, that this generation is the first in the whole history of mankind which has looked upon abundance of the precious metals as anything other than a blessing. By all previous generations of mankind, through all the centuries, silver and gold have both been regarded

as kindly gifts of Providence to men, and free mintage and free use for money purposes have been gladly and willingly accorded to both of them ; but we have seen in our time the strange spectacle of one nation after another among the great commercial and industrial nations of the day closing their mints, either wholly or partially, against the free use of the white metal, and confining the legal standard and the legal tender to the other, and by that policy, which I need hardly say, is a policy really of protection to the yellow metal, protection by the exclusion of the free use of the other, the value of gold has been very considerably forced up. (Hear, hear.) In that interesting paper on the movement of prices and wages, which Dr. Giffen published in 1888, he pointed out that there was following from this policy a remarkable appreciation of money in gold-standard countries, and Dr. Giffen also states with great clearness, and in these very words, that the effect of that appreciation of money was to "spell ruin to many classes." I respectfully submit to this meeting and to the public that the condition of agriculture in all gold-standard countries to-day is a confirmation of the prediction which Dr. Giffen then uttered. Among the classes to whom the appreciating value of money has "spelt ruin" are to be enumerated, I believe in the very first place, the agricultural classes. For confirmation of that we have only to cast our eyes around us. If we look at Great Britain, we see that in 1879 and 1880 there sat a Commission to enquire into the Depression of Agriculture. Now at the present time a second Commission is sitting, of which I have the honour to be one of the members, and we have had testified before us, by every witness, that the condition of agriculture to-day is far more depressed than it was when the first Commission sat. (Hear, hear.) Those of us who are practical agriculturists know that in a large part of England we are surrounded to-day by classes formerly in comfort, but who are now reduced

to a condition of general ruin and bankruptcy. (Cries of "True, true.") If we turn to Ireland, we see the Court-fixed rents, supposed when they were fixed to be almost unduly low, become impossible rents, and Parliament has been compelled to reduce them. If we look to the Continent of Europe, we find in Germany, and in France, and in the smaller countries of Europe, the same agricultural distress that there is here. We read of agrarian parties, and agrarian movements and anti-semitic agitations, that is, of agitations against the increased burden of the money-lender, and we see recourse had to protection ; but in spite of that protection, still the prices tend downwards, and still the agricultural classes find their condition grow more and more desperate. If we cross the Atlantic, and go to the United States of America, we come to a spectacle similarly sad and depressing. We have had witnesses in regard to that before the Royal Commission, and they assure us that, great as is the agricultural distress in Great Britain, it is as nothing in comparison with the agricultural distress that prevails among the farmers in the United States of America. I do not exaggerate when I say that whether you look at home ; whether you look to the Continent of Europe ; whether you cross the Atlantic to the United States ; or whether you go to the Australian Colonies, or to any other of the great agricultural Colonies connected with this country ; everywhere you find depression, sinking of values, and agricultural ruin steadily progressing. A constantly appreciating standard, and, therefore, a constantly depreciating value of agricultural produce is dogging the heels of the agriculturist in every gold-standard country in every part of the earth. As he follows his plough, or as he tends his flocks or his herds, the blight of the gold standard follows at his heels and curses him with its cruel bitter curse of unrequited toil through ever falling values of his produce. (Loud applause.) As we

have been reminded by Sir William Houldsworth, in his very excellent paper, if you go to the silver-standard countries where the standard has remained steady, or at any rate has not appreciated, you do not find that distress—you find a condition of fair agricultural prosperity; and if you go to the paper-using countries—I do not stand here to advocate the use of paper, but am simply recording facts—to the Argentine Republic, you find agriculture progressing by leaps and bounds. The agricultural implement manufacturers in my own county in England are busy to-day making agricultural implements, not for use in the fields of Suffolk, but for use on the plains of the Argentine Republic; and the producers in the countries that use gold as their standard are being steadily driven into ruin by those who have silver as their stable standard, or by those who use the depreciating standard of paper money. Now, in closing these few remarks, I desire to appeal to this meeting, and to appeal to this country, and to all the countries to which the voice of this great Bimetallic Conference will speak, on behalf of the classes to whom the present state of things is spelling ruin. I would appeal to you on behalf of the farmers. There is no worthier, more frugal, careful class of men all the world through than the tillers of the soil—(applause)—and yet, in spite of all their care, in spite of all their industry, in spite of all their skill, they find a blight upon their industry through this continual appreciation in the value of money. I appeal to you on behalf of the owners of land—a class I know for whom there is not over-much sympathy, but still who are human beings, after all. How sad it is to see the owners of land, whether large owners or small owners, compelled to reduce their expenditure, to let their premises go to ruin, to discharge their personal servants, to, by every means, reduce the wages that they spend, and their outgoings of all kinds, and even in spite of

all that, driven with tears in their eyes, out of the homes of their ancestors, and compelled to go into lodgings, or in the humblest way to seek a bare subsistence. There is the great yeoman class too, which used to be the backbone of England (applause), most of whom, unfortunately, have mortgages upon their farms, and those mortgages are steadily swallowing them up. They have alas already swallowed up a large number of them, men who once occupied a happy independent position, and were able to look anybody in the face and to pay their way. These unfortunate men through no fault of their own have had care eating at their hearts, and despair consuming away the vigour of their strength. They have been turned from brave men into cowards, and have been driven ruthlessly out of the homes that they had bought, or that they had inherited from their fathers, bankrupt and ruined men. (A voice, "Free trade.") No, it is not free trade. After we had had free trade in England for thirty years we looked back upon the longest period of continual agricultural prosperity that we had ever known in this country. (Loud and prolonged applause). It is not free trade that has ruined us; it is not the open ports that are ruining us; it is the closing of the mints. With free trade in produce, we ought also to have free trade in the precious metals, and I unhesitatingly affirm, in the presence of this meeting, that, given us along with open ports open mints, the farmer in England can again, as he did before 1873, hold his own against the whole world. (Loud applause). Then I would appeal to you in the name of the agricultural labourers, than whom there is no worthier class amongst the industrial population. Their reward has at no time been a large one, but what is their condition now? Why, wages, small as they have been, are steadily and surely going down, and worse than that, the range of their employment is continually lessening. Unless something is done

to arrest what is proceeding now, it is as certain as that I stand here, that every year will more and more rapidly see the ploughed fields of old England turned into green, permanent pastures, and the labour that has been employed upon them will have to come into the town, or to go to the Colonies, or to seek some other outlet. It is painful to-day to go through the villages and see, as I continually see, cottage after cottage that once held a happy, honest, industrious, producing family, now standing empty, because employment upon the land is gone. I do hope that through the exertions of this influential body gathered here to-day we shall see a remarriage between King Gold and Queen Silver, who once reigned in happy alliance to the great prosperity of industry, and to the great blessing of mankind. They were alas divorced some twenty years ago. Let them be reunited, and in their reunion we shall again obtain a free and abundant supply of money. We shall have, instead of two kinds of money operating as a barrier between the commerce of different countries, one money only in the world, and in the unity and the greater abundance of money we shall have once more return to us prosperous industries and plenty of employment, rising wages, increasing revenue to the nations, and general contentment and prosperity. (Loud applause.)

THE CHAIRMAN :—I am glad to hear this hearty response to the eloquent appeals in connection with what is, after all, for England the most important of industries, agriculture. I now call upon Mr. Vesey Knox, Member of Parliament, and one who has written a very important and valuable paper upon this particular question with regard to Ireland, to address you.

MR. VESEY KNOX, M.P. :—Mr. Chairman, Ladies and Gentlemen—I feel great pleasure in being allowed to add a few words to what Mr. Everett has just said on behalf of agriculture, and especially on this question of the appreciation

of gold, as it affects the agriculture of Ireland. I need hardly say that I cannot claim in this matter to speak for any other Irishman except myself. The feeling in Ireland on this question has, I believe, been largely quickened in the last two years, especially by that pamphlet or book of the Archbishop of Dublin—(applause)—which has, I think, become the text-book of the agricultural bimetallist in every part of the world, but still attention is so rivetted on one single issue in Ireland that it would hardly be in accordance with facts to say that as yet the mass of our people had awakened to the importance of this question. That it is of importance for their interest, I for one most strenuously contend. Our one industry, speaking roughly, is the industry of agriculture. Now, agriculture suffers more than any other industry from the appreciation of gold, because there is necessarily a larger proportion of fixed capital used in agriculture than in any other industry. I believe that that is true, speaking roughly, of all parts of the world. In some countries the fixed capital is provided by the tenant; in some countries it is provided by the landlord; in some countries it is provided partly by the tenant and partly by the landlord; but, however provided, somebody must provide it. Without the sinking of a large sum of fixed capital, you cannot carry on agriculture according to the notions in which agriculture is carried on, at least, in the older countries; and inasmuch as the capital is lessened through the depreciation of prices, the appreciation of gold means a steady loss to the man who has sunk it, whether the man be landlord or be tenant. (Hear, hear.) I am not trenching on political subjects when I say that, as a broad fact, it is true that in Ireland capital has been sunk by the tenant. He has made the vastly greater part of the improvements in the land; it is on him, therefore, I think that in the main the loss has fallen, and I think this loss may be divided into two parts. You may speak of the loss that has already

occurred, and of the probable loss in the future. Now, so far as the loss which has already occurred is concerned, it might perhaps be possible to write it off by largely reducing, and even in some cases, entirely abolishing, rent. In a great part of England, I believe, it is true that economic rent is gone, especially on the corn land. In those cases the payment made to the landlord now is not rent in the economic sense, but is the interest on the capital that he has put into the farm. (Hear, hear.) But that process cannot go on for ever. Rent may be wiped out once, but it cannot be wiped out again, and if you want to encourage men to put capital into land you must assure them that they have a reasonable chance of getting some return for that capital. While depreciation of gold in the past is an undoubted fact, I take it that according to all reasonable probability there must be a continued appreciation of gold in the future if the mints are still kept closed to silver. We hear of the great production of gold, especially in the Transvaal. I read the other day, in a letter from the American correspondent of the *Times*, that the mintage of gold in the mints of the United States, in the fifteen months ending in next June, will exceed 80,000,000 dollars. What is all the production of gold in the Transvaal in all the years that that industry has been at work in the Transvaal? It does not come anything like to the amount which has been used for mintage purposes in the United States in that single fifteen months; so that, as that is a large demand, a demand that will be continuous, and will be joined in, in all probability, by other countries where the demonetisation of silver goes on, therefore I say that, as reasonable men, we cannot tell the agricultural classes that there is any chance of this fall in prices coming to an end; and to lure them into a false security by telling them that things have touched bottom is not true friendship to the tillers of the soil. (Applause.) The people who admit the depression of

agriculture wish to cure it by bringing the people back to the land, or by rooting such small holders as there are in the United Kingdom on the land; but whichever course you adopt, you must borrow money to do it. It cannot be done without it. You may interpose the Local Authority and the nation, or the Local Authority without the nation, between the lender and the real creditor, who is the small man, the labourer, or the small farmer whom you try to root on the soil; but I say it is cruelty to try to bring the people back to the land, or to try to root the people on the land, if you are going to make the borrower pay back to the lender far more than he is giving to-day. (Applause.) We have heard it said many times that there is a magic in property, in peasant proprietary, which will turn the wilderness into a garden; but I say it is just as certain that if the appreciation of gold goes on, that garden will go to the mortgagee. (Hear, hear.) You have to borrow if you want to root the people on the soil, and that loan will become a greater and greater burden upon the man who has borrowed if the appreciation of gold continues. We Bimetallists and Irishmen are often, I think, spoken of as being unduly favourable to defaulting debtors. I do not want to demand for the agricultural debtor any undue amount of sympathy, but what we ask is, that we should have, as far as human power and human legislation can give it us, a stable standard, so that the borrower may not have to pay back more than he has borrowed, and so that as the years go on the small agricultural borrower (for the small agriculturist must be a borrower) will not be burdened by an ever-increasing load of debt, but may have a reasonable probability of meeting, out of the produce of the soil, the burden that he has incurred in order to bring that soil into cultivation. (Applause.) That, I take it, is the demand of the Bimetallic League, and I say that, whatever system of land legislation you adopt, whether you

abolish rent, or reduce rent, whether you simplify transfer, whether you abolish primogeniture, whether you establish a peasant proprietary, or a system of allotments, or whatever you do, the rent system must, in the end, press hardly on the tiller of the soil, unless at the same time you establish a stable currency, and not a standard of value which increases from year to year. (Loud applause.)

MONSIEUR RENÉ LAVOLLÉE, Ancien Consul-Général de France, Délégué de la Société des Agriculteurs de France, said :—Mr. Chairman, Ladies and Gentlemen—I must, in the first instance, beg your kind indulgence for my bad English, and for my worse pronunciation. Perhaps it would have been wiser for me to use my native language ; but, if I venture to explain myself in English, it is in order to make more intelligible to everyone the many and warm thanks that I am happy to transmit to the Bimetallic League for their kind invitation, not only for myself, but in the name of my countrymen and friends, Monsieur d'Aillières, le Baron de Ladoucette, and le Comte de Terves, but also on behalf of the great French association, the “ Société des Agriculteurs de France.”

We are especially directed, Gentlemen, to express the sense of deep interest that that society takes in the present Conference, the satisfaction they felt in receiving your invitation, and their wishes for the full and speedy success of your endeavours.

In fact, it is a long time since the “ Société des Agriculteurs de France ” recognised the great importance of the monetary question, and it has publicly declared its conviction that no satisfactory settlement of that question could be obtained, unless by way of an international arrangement on a bimetallic basis. That great association, numbering not less than 12,000 members, with 600 affiliated agricultural societies, aggregating nearly half-a-million of cultivators, and indisputably the most powerful and com-

petent representation of the French agriculturists, could not neglect a problem the solution of which will exercise the greatest influence on the condition of agriculture in the world.

They have accordingly, and year by year, carried resolutions pointing to an international rehabilitation of silver, and to the resumption of the free coinage of that metal.

In 1892, at a General Meeting, they asked that:—

“The French Government should promote a new International Conference, tending, like those of 1878 and 1881, to the formation between the Latin Union, England, Germany and the United States, of a common monetary law based upon a constant relation of value between gold and silver.”

Yet more strong and complete is the resolution of 1893, the context of which is as follows:—

“Whereas the gold monometallism under which we actually live is an indirect means of supporting speculators to the detriment of producers ;

“Whereas the depreciation of silver, or rather the artificial rise of gold, produces, for every transaction passed in the countries that use only silver currency, a bonus equal or superior to the Customs Duties established for our defence ;

“Whereas the only remedy to such a state of things is the resumption of the free coinage of silver, as well as of gold, in the greatest possible number of countries ;

“Whereas it is most important to arouse the agriculturists to the sense of peril that is threatening from the present state of things, and to promote among those concerned in every nation an international movement, in order to apply an effective remedy ;

“We express the wish that the Council, with the assistance of a Commission, appointed by themselves, should enter into correspondence with all the French or foreign

“associations, in order to call attention to the disturbance
 “caused in the various countries of the world by the
 “monetary system now in force, to promote a great
 “manifestation of public opinion that would enlighten the
 “International Congress of Brussels, and bring a quick
 “settlement of the question by the resumption of the free
 “coinage of silver.”

Ultimately, in their last session of January, 1894, and notwithstanding the adjournment of the Conference held in Brussels, the Société repeatedly urged the preparation of a monetary agreement, in the following terms :—

“Whereas the readoption of bimetallism and the resump-
 “tion of the free coinage of silver are the only means to put
 “an end to the present monetary depression, and to
 “the economical crisis that springs from it;

“Whereas the agitation in favour of bimetallism is
 “spreading more and more; that in Germany particularly,
 “the Agrarian party and the Minister for Agriculture ask
 “for the re-adoption of bimetallism and the free coinage of
 “silver;

“Whereas an international understanding is desirable to
 “meet that result, and moreover, it would be sufficient to
 “make an understanding between nations similarly situated
 “and of commanding position;

“Whereas the Latin Union and the United States of
 “America possess a monetary stock sufficient to impose
 “and maintain in the world the monetary law that they
 “might have adopted by mutual consent;

“We express the wish that negotiations should be
 “opened between the United States, Germany, England,
 “and the nations of the Latin Union, on the proposal of
 “France, in order to realize a common understanding and
 “a common monetary law, that should be accepted by at
 “least three of those Powers.”

I think it useless to dwell further upon the above-mentioned resolutions, the importance of which any long comment would not only not strengthen, but perhaps weaken. I beg only to insist in a few words upon the principal grounds of the position taken in that matter by our Society.

They consider, in the first instance, that the prolongation of the present state of things is intolerable, that it must be remedied, and that the single remedy practically possible is the rehabilitation of the silver metal. They deem it impossible that the civilized world should endeavour to maintain fixity in the measures of everything, except in the measure of the most important element of human transactions, namely, in the measure of values. They deem it impossible to disregard the circumstance that the simultaneous use of both gold and silver is a perpetual and universal fact, and that, even now, silver is the exclusive monetary standard among the nations of the East, that is, among those who are most immutable in their customs, who are the greatest producers of raw materials, and maintain with Europe large and continually increasing relations. They deem it impossible that the world should live any longer in an unsettled condition, that hinders every serious business, fosters the most brisk and violent oscillations, not only in the respective values of gold and silver, but also consequently in the products of human labour, and finally gives to speculators every opportunity for profits, while it discourages and ruins the producer. They deem impossible a system under which the labourer and producer are condemned to give an always increasing sum of goods and labour to obtain an always decreasing quantity of coin.

They believe, secondly, that the evil could not be remedied but by the normal and simultaneous use of both metals at a fixed ratio, and they derive that opinion not so much from theoretical demonstrations as from the

experience of the present century. They do not assert that every variation of value will become impossible as soon as gold and silver shall be equally admitted to free coinage, but they believe that these oscillations will become far less violent and ruinous ; they recognize, indeed, from the very statements of monometallists that, even at the time of the greatest inflow of gold, that is between 1850 and 1860, the appreciation of silver comparatively to gold did not exceed about 3 per cent., although the production of the yellow metal had increased about 300 per cent. in five years, while, since 1873, silver has lost the half of its value, although the increase of its production has not exceeded 125 per cent. Why those different results ? Because, in the first case, the Governments were wise enough not to interfere with the natural course of things, and maintained the free coinage of gold ; while, in the second, they have suspended the free coinage of silver.

This demonstration by facts makes the "Société" quite convinced that the monetary disease is not the single cause, but one of the most effective causes, of the bad condition of agriculture ; that international bimetallism would not be a panacea, but one of the most valuable remedies for the present difficulties ; and that the time has arrived when it becomes necessary to proceed from discussions to conclusions, and from theories to acts. Consequently they are ready to second every attempt of the Bimetallic League to promote the question, and particularly to make it better known to all whom it concerns. Unfortunately, much has yet to be done in that direction, and especially among the agriculturists. To the greater part of the men engaged in the cultivation of the soil, the true, the main monetary question is, how to get the most money, and how to keep the most of it in their pockets. Perhaps they may consider the weight of silver coins, and from that ground give preference to gold ; but of the consequence

of the use of either or both metals very few are aware. They suffer and lament without knowing one of the principal causes of their sufferings. It is to enlighten that ignorance, that the "Société des Agriculteurs de France" deems it most important constantly to work in order to create a movement of opinion that may oblige the Governments to unite themselves and to act. In that direction, the "Société" has not only voted the above-quoted resolutions, but it also advocated, two years ago, the meeting of an International Conference of the agriculturists on the question. It is a great satisfaction to us to see that scheme partly realized, and we are quite prepared to second in that way your endeavours in view of an international settlement of the question.

Indeed, the "Société" believes firmly that the monetary question is paramount, and could not but be an international one. They are convinced that it would be folly and disaster to try to authorize the free coinage of silver, unless three at least of the four great monetary Powers made an arrangement on that basis. They are confident that the community of interests of all the producers in the civilized world makes such an agreement possible, and they consider as a most encouraging symptom the present meeting held in such a country, in such a city, under such a presidency, and with such a success.

MR. WILLIAM TAYLOR, of Blackburn, said :—Mr. Chairman, Ladies and Gentlemen—It is not my intention to enter into the highways and byeways of Bimetallism, but rather to state how these constant fluctuations in exchange harass and worry the cotton spinners and manufacturers of this country, who spin and weave for silver-using countries.

I have attended the Manchester Exchange before and since the time when silver was demonetised by Germany, and have noticed that when the exchange keeps steady for some time then we have active business. On the 1st June,

last year, exchange was 1s. $2\frac{9}{16}d.$, but on account of the Secretary of State for India refusing to sell Council Bills at less than 1s. $4d.$, it rose on the 28th June to 1s. $4d.$ for one day only ; it then settled down to about an average of 1s. $3d.$ from August to the middle of January this year, and in consequence we had a steady trade demand in Manchester during that time.

On the 18th of January the exchange was 1s. $2\frac{3}{8}d.$, and in four days fell to 1s. $2\frac{1}{8}d.$, and in consequence the market for cloth was paralyzed and has continued in that state ever since. The exchange kept steady from the beginning of April, at about 1s. $1\frac{5}{8}d.$, till last Thursday, when it again fell $\frac{3}{8}d.$ On the previous Monday, Tuesday and Wednesday, there was a good enquiry in Manchester for the Indian Market, but on account of the sudden fall in the exchange, virtually all offers were withdrawn, and the market seems at present to be in an utter state of collapse, in consequence of which manufacturers are at their wits' end to know what to do. Now the difficulty that presents itself is this—that in a fall in the exchange of from 1s. $3d.$ to 1s. $1\frac{1}{2}d.$, a piece of cloth of the value of 5s. loses $6d.$ per piece.

Who has to lose the $6d.$? The fight for the $6d.$ goes on until it is adjusted ; and in my experience it always ends in the manufacturer getting the worst of it. Why ? Because the buyer can wait and the manufacturer cannot, except by stopping his mill, thereby throwing his workpeople out of employment. Before he will do this he will submit to considerable loss in the hope that trade may soon improve. A case came under my notice some time ago where a large order for piece goods was offered in the Manchester Market at 5s. $1\frac{1}{2}d.$ The manufacturer wanted 5s. $3d.$ In a few days the exchange began to fall, and the manufacturer, wanting orders, went to accept the price offered, viz., 5s. $1\frac{1}{2}d.$ The offer was withdrawn, and in a very few days

(the exchange continuing to fall) the manufacturer was told that if he would leave it over for a day or two, and give them time to telegraph out to India, they might get him 4s. 10½d. The manufacturer refused to comply with this request, the exchange being now below 1s. 3d., and the Secretary of State for India refusing to sell Council Bills at less than 1s. 3¼d., he thought surely there must soon be some improvement, and he continued to wait. The above order has not yet been placed, and on account of the further fall in the exchange from about 1s. 3d. to a little over 1s. 1d., the price now offered is about 4s. 6d. The same causes which so afflict the Cotton trade also affect the Iron, Steel, Woollen, Linen and Jute trades, and these form over forty per cent. of the exports of this country. Surely it is worth while for our Government to give more attention to this matter.

What is the main cause of all this disturbance in our different trades? It is for the want of a stable rate of exchange between gold and silver-using countries, and I do not believe that the resources of the statesmen of this country are so exhausted that this cannot be accomplished.

It is no answer for monometallists to say that it would be a speculation or a "leap in the dark," because it has been tried and been perfectly successful.

This monetary question stands in the way of the quicker development of India.

When we consider that only about one-half of the cultivatable land of India is under cultivation, is it not amazing that we allow this policy of drift to continue?

At the present rate of railway construction in that country (last year the new mileage was only 470 miles), it will take 900 years before it has the mileage which we have in England, in proportion to its area.

The dislocation in exchange prevents gold from being sent to India for the development of the country. We

have been building railways in India for nearly forty years, yet up to the present time that country has only about 18,000 miles, whilst in America they have built 13,000 miles in one year, principally with British capital. We have lent to Australia two hundred millions sterling, and it has a population of only five millions, while to India, with a population of nearly three hundred millions, we have only lent two hundred and twenty millions, simply on account of the currency difficulty. There is no nation in the world so well adapted as England for finding abundant employment for its people, if we only avail ourselves of the means at our command. Cotton piece goods worth six shillings each in Blackburn, can be packed, baled, stamped, and shipped to Maulmain for sixpence per piece, while to send the same goods up-country three hundred miles costs seven shillings and sixpence.

In India, Burma and China, there is nearly one-half of the population of the world well disposed, industrious, and willing to trade with us, but on account of the cost of transit up-country the thing is rendered impossible except on a small scale.

The greatest and grandest of all our possessions is India, and there is no way to it except by sea, which we command.

Our desire is for the improvement of trade and the welfare of India herself; let us have a par of exchange that will best suit us both, whatever that may be, and in doing so we must have due regard to keep right the balance of trade.

SIR ALFRED HICKMAN, M.P.:—Mr. President and Gentlemen—I have been asked to address a very few words to you upon this subject from the point of view of the iron trade. I apprehend that the iron trade was mentioned because perhaps it is the truest type of general prosperity, or otherwise. If the railway industry is profitable and progressing, there is a great demand for iron.

If the shipbuilding industry is profitable and progressing, there is also a great demand for iron; and even agriculture requires iron to carry out its operations. I take it as an accepted axiom, at any rate in this room, that the contracting currency, in proportion to the requirements which it has to fulfil, means declining prices. As you know, the iron trade is a trade peculiarly liable to fluctuations, and peculiarly liable to be affected by speculation. If we find that, in buying iron, postponing our purchases means buying at less money; or if, on the other hand, we find if we buy iron to-day that it is worth more money to us than it would be later on; our operations are very much affected by that consideration. If it is in a declining market, everybody postpones their purchases as long as possible, and they buy as little as possible, and the consequence is that trade declines and profits vanish. All history teaches us that prosperity in the iron trade has been absolutely coincident with an expanding currency, and the contrary when currency has been contracted. During the great Napoleonic wars, the iron trade was most flourishing. This prosperity went on till the contraction of currency, which took place in 1815 to 1825, and then we had a most distressed period. Again, when the Californian and Australian gold discoveries were made we had a splendid time, and the culminating point of prosperity in the iron trade happened with the great expansion of currency which arose in the United States Civil War and the Franco-German War. In 1873, when the Latin Union suspended the coinage of silver, we had a reaction, which has been going on ever since, till now we are in a state absolutely unprecedented as regards prices, and there is very little demand for iron even at prices which are not remunerative. Mr. Vesey Knox told us in very well-selected language that this state of things would go on until the production of the precious metals, or till the

rehabilitation of silver produced a different state of things as regards the currency. We have Scriptural authority for the fact that there was a time when a hotel bill for a week could be paid with the sum of twopence, but I hope we shall not come to that state of things again, or at any rate before we come to it I hope the opponents of bimetallism will be converted. For these reasons, as an iron master, I most cordially support the proposal to rehabilitate silver. (Applause.)

MR. JAMES MAWDSLEY (Secretary of the United Textile Factory Workers, member of the Trades Union Congress Parliamentary Committee, and member of the Royal Commission on Labour) said :—

It is not my intention to occupy much of the time of this Conference in speaking of the interests of the wage-earning classes. I have dealt with the subject on a number of occasions, and time and further consideration serve only to deepen my conviction that International Bimetallism will be a benefit—indeed it is a necessity—to the class to which I belong. (Applause.) Our Lancashire workers especially, and those in the adjoining counties, hold this in the strongest sense.

One broad proposition, I think no one can deny, namely, that a contracted currency and a contracting currency is bad for those engaged in industry, and a check to industrial enterprise. If any man doubts this I will ask him to look at the lessons of history, and it will then be seen that broadly speaking, and dealing with periods, prosperity in industry has been contemporary with a full measure currency or an expanding currency, and the reverse has been equally marked. (Hear, hear.)

In addition to the disadvantage to industry from the cause I have mentioned, there is another evil which we in Lancashire have had brought home to us again and again, namely, the evil of violent fluctuations in exchange between

our gold money and other moneys of the silver-using East, or perhaps now I should say, in view of recent events, between our gold money and the silver-using and rupee-using East. The Eastern markets are so important to us that this evil is one of the first magnitude. These fluctuations and the fall in silver have built up and fostered cotton mills in the East upon what I will venture to call an artificial basis. This has been remarkably demonstrated in the last few months. The fall in the gold price of silver which has followed upon the closing of the Indian mints is inducing a tremendous development of cotton spinning in Japan and China. (Hear, hear.)

I will only mention one fact in this connection. Already freight has been engaged for the shipment this year of 40,000 tons of cotton-spinning machinery to Japan, and it is estimated that the number of spindles at the end of this year will be more than double what they were when the Indian mints were closed. We do not object to this competition so long as it is fair and above board. If in the race, or in the battle, we, in the Textile districts of this country, are beaten fairly and squarely man to man, we shall have to accept our fate as people have had to do before us; but we do object to our own Government, by its policy, being a party to the artificial bolstering up of a competitive industry, either in foreign countries or in any other part of the British Empire. (Applause.)

One word as to "cheapness," about which we hear so much. Well, I for one, am not afraid if things get a bit dearer under Bimetallism, for that dearness if it comes will come about by the mass of the people being able to buy more, and that means their buying power will be greater. Don't suppose prices of commodities will go up without Labour, the greatest of all commodities, getting its full share.

I will close by saying that at the last General Election, the United Textile Factory Workers, with which I am

connected, and which embraces the cotton districts of Lancashire, Yorkshire, Cheshire and Derbyshire, issued placards throughout those districts recommending its members to vote for no candidate who would not pledge himself to support International Bimetallism, as it was a "Bread and Butter Question to wage-earners," and this week we are issuing a circular to our members, asking them to see to it that this question is included in the number of test questions which are put to all Parliamentary candidates and sitting Members. (Applause.)

Our opinion on the subject is stronger than ever, and if the wage-earning voters throughout the kingdom will take this line with Parliamentary Candidates at bye-elections, and at the next General Election, the next meeting of the Bimetallic League will not be to "Confer," but to celebrate the triumph of International Bimetallism. (Applause.)

M. EDMOND THÉRY, Paris (speaking in French), said :—After the brilliant speeches which you have heard and justly applauded yesterday and this morning, after the remarkable papers of Professor Nicholson and Mr. Leonard Courtney, and finally, after the paper, so luminous, so complete from every point of view, that Sir William Houldsworth has just read on "The Effects of the Fall in the General Level of Prices," I think it would be superfluous to further discuss the serious prejudice that the rupture of the old French bimetallic ratio, and the depreciation of silver which ensued in consequence of that rupture have done to agriculture, to industry, and to commerce, and to the interesting class of wage-earners—the workers of every country, with a currency at par with gold. It would be equally superfluous to revert to the causes of the monetary anarchy that reigns in the world at the present moment, and by which the richest nations, like England and France, are most cruelly injured. But there is a special point which I am particularly glad to discuss here, in the

Mansion House, in the heart of the City, in the midst of those great banking houses whose operations embrace the whole universe, namely, the effects of the silver crisis, which your economists and statesmen have so lucidly explained, on investments abroad, and on the present state of mind of the bankers who are very specially concerned in these investments. (Hear, hear.)

For a long time English and French bankers imagined that this crisis could not touch their interests; the majority of them are still under the impression that international bimetalism would seriously prejudice either their own personal situation, or the capital of the clients who act upon their advice. They fear bimetalism because they think the free coinage of silver might endanger the position they occupy in relation to foreign countries. The truth is that they are afraid of bimetalism, for the simple reason that they do not in the least understand its mechanism—(cheers)—and that they have not yet realised that this monetary system, so far from prejudicing in any way capital invested abroad, would, on the contrary, in a very short space of time, regain for them the security which, at the present moment, is gradually slipping away from them.

Bankers, Gentlemen, from the very fact that they manipulate that powerful lever of modern society called public credit, are at once, like public credit itself, audacious and timid. They are audacious in matters with which they are accustomed to deal; they are timid in regard to everything that is new, everything that presents itself to their minds under the guise of a revolution.

We must not be too angry with them, Gentlemen, on account of that timidity, for their fears, in so far as bimetalism is concerned, arise from very honourable pre-occupations. They do not understand in all its details the operation of that monetary system, and as they are

generally too busy to thoroughly study it, to work out the synthesis, they hesitate, they recoil—the unknown frightens them.

It is for you, members of the English Bimetallic League, for you who have already so victoriously refuted the ignorance or the bad faith of your detractors, to prove to the bankers of the City that the word bimetallism has no real terrors for them, and that their personal interests and the interests of their clients now at stake in foreign countries, can never be better served than by the rehabilitation of silver, and above all by the definitive settlement, by international agreement, of a stable ratio between the two precious metals. (Cheers.)

Your task will be easy, Gentlemen, for you have on your side not only the theoretical demonstration, but the direct proof of actual experience, which is still more conclusive than theory. From a monetary point of view the nations of the civilised world are divided into two categories—those with a currency at par with gold, that is to say, England, Germany, the United States, Holland, France, Belgium and Switzerland; and on the other hand, the nations whose currency is debased, either because that currency has as a basis the exclusive use of silver, as in the case of India, China, Japan, Persia and Mexico, or for other reasons, as in the case of the Argentine Republic, Brazil; Portugal, Spain, Italy, Greece, Russia, and a large number of other countries with a second-rate credit.

Now here, is it not evident that the rehabilitation of silver, and above all the definitive adoption of a ratio between the two precious metals, would be favourable to the external creditors of the Empire of India? Here is an example which the bankers may well contemplate, and you will see, Gentlemen, that in the end they will recognise that what is true in regard to India, may be applied in a certain measure to all the other debtor countries. You can

demonstrate to them, moreover, that with the adoption of international bimetallism, as we conceive it, and as we desire to see it established, any fears they may entertain to-day concerning the encroachments of silver are chimerical. You can prove to them by incontrovertible facts that that monetary system is a thousand-fold more favourable to their interests, and to those of their clients, than the gold monometallism now in force.

When you have presented the question of international bimetallism to them under that particular aspect, the bankers of the City, will, I at all events am convinced, become the most resolute exponents of our theories, and will in their turn inscribe their names on the roll of the English Bimetallic League. (Laughter.)

And now, Gentlemen, I cannot conclude my remarks without telling you how glad we Frenchmen who have been present at this Conference are to have had this opportunity of seeing for ourselves the great progress that the bimetallic cause is making every day in England. We were rather in need of some such evidence, for in Paris the great argument with which we are met by our monometallic opponents, whenever we speak of the possibility of international bimetallism, is the peculiar attitude of England in regard to this question. They do not trouble to reply to the conclusive evidence we advance; they content themselves with telling us—and we said it before they did—that the proposed new monetary *régime* is impossible without the formal adhesion of England, and that as England will not hear of it, it is useless to go on discussing an impracticable scheme.

I repeat that what we have seen and heard during the past two days cuts the ground away from that argument. This International Conference will have, in any case, a great result, namely, to prove to the world that British, German, American, Austrian, Belgian, Dutch, and French

Bimetallists are already at one in regard to the main lines of the system, in regard to the great principles that constitute its fundamental basis:—

(1) The absolute necessity of maintaining gold and silver as international money, and fixing a ratio between these two precious metals;

(2) The possibility, or, to be more exact, the certainty, of maintaining the fixity of that ratio by means of an arrangement concluded between the great metallic Powers. (Cheers.)

But we have still to examine the mode of application. On this point let me tell you that it will be much more easy to arrive at an agreement than our adversaries suppose, especially if the creation of an International Bimetallic League were to bring together the well-disposed men of the great metallic Powers, and were to enable them to study, with complete information before them, all the details concerning the practical application of the system. Really, in this delicate problem of an international arrangement, each nation must first of all examine the solution from its own particular point of view. But the constitution of an International League, enabling all questions of detail to be afterwards examined from a general point of view, would considerably facilitate the progress of the controversy, for each country would then be enabled to put forward, apart from all considerations of *amour-propre* or sentimentality, the reason for its preferences; and I am absolutely convinced that agreement—notably in regard to the ratio to be fixed and the mode of bringing the new monetary *régime* into operation—would very soon become an accomplished fact. (Cheers.)

The difficulties that to those who have not your robust faith in the merits of bimetallism now appear to be insurmountable would disappear of themselves; the details of practical realization that are still in the dark, and that

may to-day frighten the most timid, would be made clear by the light of discussion; and finally, the impartial examination of the facts would remove the remaining doubts. That is what every Frenchman who has taken part in your splendid Conference hopes to see realized, not only for the common good and prosperity of our two countries, but also for the well-being of all the nations of the civilized world. (Loud and continued cheers.)

Now, Gentlemen, I have here an observation to make, namely, that the countries with a currency at par with gold—England, France, etc.—are precisely the countries to which the nations which have now a debased currency formerly came in search of the capital they required for their industrial and commercial development. (Cheers.)

Thus, if we strike a balance-sheet between the two groups, we shall discover this indubitable fact, that the first group is always the creditor of the second. That is to say, that the countries belonging to the second group are to-day the tributaries of those belonging to the first, that they must labour to pay heavy imposts, to contribute to the lenders, to the capitalists of the creditor countries, the interest and repayment of the capital advanced. Now, is it not patent that the security of investments made under these conditions abroad by the countries with a currency at par with gold depend, not only on the good financial administration and honesty of the debtor countries, but also on the facility, more or less great, that the latter countries may enjoy in converting their national money (paper or silver) into the gold currency exacted to-day by the creditors? (Cheers.)

At the time when French bimetallism, which your economists now unanimously praise so highly, secured to the world the parity of gold and silver at the ratio of $15\frac{1}{2}$, nations with a metallic currency always found without difficulty the means of converting gold into silver and

silver into gold. It follows that the nations with a silver currency which were indebted to bimetallic nations like France and Belgium, or to the British nation, monometallic with gold, and *vice versa*, had always, without paying exchanges ruinous to their finances, the means of converting their national money (in which, it must always be remembered, the imposts were levied) into the money of the creditor nation.

Now, Gentlemen, I will not discuss here in what measure the rupture of the French bimetallic parity, or the fall in silver which was the immediate consequence, has contributed to propagate among the debtor nations, the nations which had borrowed capital from England, France, etc., that new epidemic known to-day as the crisis of exchanges. I will merely mention that at the present moment twenty-one nations in the world are afflicted by that terrible malady, and that already the interests of the capitalists of the creditor nations have suffered seriously from that malady in its general form. (Cheers.)

Oh, yes, we must take into account from this special point of view that the disqualification of silver as international money, and the struggle for gold that this disqualification renders in a manner inevitable, will end by ruining all the capitalists who have lent to poor countries. I know very well that the financial administration of countries with a debased currency is open to criticism, and that they may generally be blamed for having tried to run before they could walk. But how can you help that? The mischief has been done; the debts exist. Must we, under the pretext of a system, the scientific value of which is very questionable, allow the great interests that we have abroad to be absolutely compromised? (Cries of "No.")

That is a question that the bankers must in the end ask themselves, and when they have more thoroughly studied the problem, you may be perfectly sure they will become

bimetallists, and bimetallists more ardent than even you, the members of the British Bimetallic League. (Laughter.)

Were it necessary to-day to give the bankers a first proof of the truth of my observation, the example of India, which is to be the subject of discussion this afternoon, would supply it. When it is a question of the Argentine Republic, of Portugal, or of Greece, the bankers may, in a great measure, point to the bad financial administration of those countries as an explanation of the catastrophes of which foreign bondholders have been the unfortunate victims. But in regard to the financial crisis in India, they cannot employ that argument. Here you have the finest and richest English possession. It is admirably administered, since it is administered by Englishmen. Well, I ask you, who are familiar with the present financial situation of India, to say frankly whether, if India were not a dependency of the British Crown, if it could not utilise the marvellous credit which its situation as British territory gives it with English capitalists, it would not have failed in its foreign engagements exactly in the same way as the Argentine Republic, Portugal and Gréece. ("Yes," and cheers.)

MR. THOMAS HANBURY said :—Mr. Chairman, Ladies and Gentlemen—I am not a practised speaker, and after the eloquent addresses that you have heard from others I should feel diffidence in rising, but that I can bring to bear on this question an experience gained as a merchant who went to China in 1853, who left it in 1871, and who has now just returned from revisiting that country and other great centres of our trade in the East, after an absence of over twenty years.

I have been in fact on a tour round the world, with a determination made before starting to do my best to observe with a critical eye how the present enormous divergence between gold and silver is affecting the trade and English interests in the East.

A voyage of twelve or thirteen days across the Pacific Ocean lands one in Japan, a country that has been much and justly praised of late years, for the courtesy of its people, their advanced civilization, and also for its picturesque scenery. There is, however, another point that has not been sufficiently dwelt on, but which should surely be a great attraction in these hard times: the fortunate traveller landing on these shores finds his income doubled! If he is an American he is delighted to find that the Bank pays him two dollars for every one he puts down on the counter; the Englishman is equally rejoiced to find ten dollars counted out to him instead of the five to the pound sterling he has been used to in the United States. These dollars the traveller soon finds are just as good for spending at hotels or shops as they ever were; and if you ask me the reason of this anomaly, I reply it is to be found in the appreciation of gold caused by the cessation of the free coinage of silver in Europe.

Now it must be evident that this state of things gives an enormous stimulus to the Japanese to produce as much as they possibly can for sale in other lands, and accordingly that country is very prosperous and every year developing fresh industries. During six weeks spent there I do not recollect having once been solicited for charity; the people appeared to be contented, happy and fully employed.

Instead of the wretched return that joint stock companies for the making of yarn and cloth appear by their printed returns to yield in Lancashire, a long list was published last autumn shewing from 10 to 25 per cent. profit yielded by similar industries in native hands in Japan.

Now while we do not grudge Japan her prosperity, we may profit by her example, and fairly consider whether her astonishing advance does not largely arise from the free coinage of silver which she enjoys.

China enjoys also the great stimulus to her export trade afforded by the appreciation of gold, and the cessation of the free coining of silver in Europe and America. She is the only great country in the world whose traders are content to base their transactions on silver in its uncoined state, receiving and paying it by weight and keeping their accounts in Chinese ounces (called taels). When, therefore, the Government of India last June endeavoured artificially to enhance the value of the rupee by closing the mints, they unwittingly offered a handsome bonus to the Chinese to set to work to cut out the natives of India in those articles which are common to both countries.

If one talks to an ordinary Chinaman about the depreciation of silver and its excessive production, which our monometallic friends are so fond of insisting on, he will declare he does not understand you, and that there has been no depreciation. I found, in fact, after an absence of twenty-two years from Shanghai, where I formerly lived, that the market prices of all the chief necessities of life showed no material variation, but that bar gold on the contrary had risen from 165 to 324. In view of this I confess I am at a loss to understand how there can be found thinking men in this City of London who will continue to assert that gold has not appreciated!

At all the chief ports of Japan, China and the Straits, I found a universal chorus of complaint as to the difficulty of conducting the foreign trade, the violent fluctuations in the exchange on London reducing it to the character of gambling, against which the most prudent merchants find it impossible to safeguard their transactions.

Passing now to Ceylon, where the traveller cannot help admiring the astonishing industry and perseverance of our people, who, in the short period of ten or twelve years have clothed the hillsides of that lovely island with the tea shrub, resulting in an annual export of eighty-four millions

of pounds of tea, I found that the blundering experiment of the Indian Government in closing the mints had inflicted on that export a loss of some £350,000 in the latter half of 1893, by forcing an artificial exchange of 15*d.* per rupee when the coin might have been minted in the island at a cost of a shilling.

And now while mentioning the rupee, which so many have read about, but which I find so few, except those who have been to the East, have ever seen, I will ask leave to produce one, which I bought the other day in Lombard Street; it is slightly larger than our florin, and it contains 165 grains of pure silver, as against 161½ grains in the two-shilling piece; both bear the effigy of the Queen, and one might be easily mistaken for the other. Now, how does the case stand as between two classes of Her Majesty's subjects: the farmer raising wheat here, and his competitor, the native of India, raising it in the Punjaub. The English farmer has been compelled to accept free trade; he does so frankly; he sees that the Indian farmer gets his labour at about one-fifth of what he has to pay; that his rent, rates and taxes are less, that the freight across the ocean has been reduced to a sum scarcely superior to what he has to pay for the carriage of his produce to market. This competition, perhaps, he can stand, but when he has sold his corn at the miserable price it now brings, and is then told that his dusky competitor will be allowed to exchange his sovereign for 18 of these coins (holding up the rupee) wherewith to pay his labourers, while he, forsooth, must be contented with 10 of these (holding up the florin), can we feel surprised that he gives up the struggle, and declares it is impossible to grow wheat any longer in England.

Mr. Chairman, our opponents have the hardihood to declare that bimetallism is "protection in disguise," but, if the present system be free trade, will they explain how it comes about that the master of the mint exacts a profit of

over 100 per cent. at the present time on our silver coinage, and this impost, be it remembered, is levied as against the people, and not on the foreigner.

We cannot ignore the fact that two-thirds of the population of the world use silver as money ; that year by year the industrious and frugal millions of India, China and Japan are more loudly knocking at our doors and actively competing with us ; and I submit there must be something radically wrong in our system that so handicaps our people as to permit their eastern competitors to obtain their circulating medium at half the price we have to pay.

Mr. DAVID MURRAY, of Adelaide, South Australia (President of the South Australia Branch of the Bimetallic League ; late President of the Adelaide Chamber of Commerce), said :—

It seems matter for surprise that the subject of our gathering this morning should in many quarters be treated with so much apathy, that the connection between the currency question and a wide-spread industrial depression and commercial uncertainty, though in some degree acknowledged, has yet exerted little practical influence on social or political action.

Speaking as a colonist I can testify to the almost entire apathy with which, until within the past two years, the question has been regarded. We have witnessed the gradual reduction in the prices of our staples, the increasing poverty and indebtedness of our producers, the straits of our financial institutions, and the augmented exactions of our Governments in endeavouring to make both ends meet, and to maintain their credit with the outer world. Yet notwithstanding all this, the public has not generally grasped the fact that the source of all these depressing conditions lies deeper, and holds in a more tenacious and withering grip the foundations of our prosperity, than any of those other causes of depression to which critics have been so

ready to attribute our misfortunes. Over-trading and speculation, over-borrowing, both public and private, the effects of drought, labour troubles and other untoward influences may for a time retard progress—but their influence is only temporary, and their action is to a certain extent curative. The depression caused by them is generally followed by a revival, which the recurrence of more legitimate trading, increased caution and better seasons combine to bring about.

It is to be regretted that in these days of economic study the theory of over-production as the source of a world-wide depression has still to be combated; in the colonies this theory has blind adhesion on the part of many who have attempted to explain the cause of falling prices, and it has tended to withdraw public attention from its true source. Among the labouring classes especially it has found favour, hence the efforts to restrict the hours of labour and curtail the numbers of apprentices in their various unions. That the depression should have any connection with the currency, or with that action in Europe and America which deprived silver of its status as legal tender, they had not the slightest suspicion, and were ready to ridicule the idea.

As producers of gold, the colonists generally were delighted to uphold its supremacy. The fallacy of some occult connection between the prosperity of England and its golden standard found easy credence amongst the unthinking, and as far as this subject is concerned this class claimed the majority of our colonists. They could not be led to see that as money is to commercial and industrial vitality what the atmosphere is to physical life, any derangement of the condition of the world's currency by which its volume is diminished would have as prejudicial an effect on commerce and industry, as the with-

drawal of a portion of the oxygen in our atmosphere would have on our physical existence.

The well-worn aphorism connecting good trade with a plentiful supply of money was narrowed in its application, and scarcely any beyond the few far-seeing students of our social economy who sounded the first notes of alarm were prepared to apply the aphorism to a world-wide movement, which, while it did not actually diminish the stock of the precious metals, yet so altered its relation to the world's other commodities as practically to reduce the volume of our medium of exchange, and so correspondingly reduce the value of every sort of property which had to be measured by it.

Thanks to recent agitation this new and more satisfactory view of the case is now taking hold of the colonial mind. We begin to feel that our existence as prosperous adjuncts of the British Empire is at stake. The value of our staple productions, on the profitable export of which our prosperity depends, is rapidly diminishing. With wool returning to the pastoralist something like $4\frac{1}{2}d.$ per lb., and wheat to the farmer 1s. 10d. per bushel, and all other articles of export showing a like decline, while interest, rent, taxes and other fixed outgoings remain unaltered, the actual continuance of these industries is at stake. We begin to realize that the collapse of our financial institutions, the ruin of many of our most enterprising colonists, the universal fall in local securities, many of which had not been subject to inflation, the contraction of business generally, and the universally reduced incomes of the people, combined with want of employment and destitution among the working classes, are owing to something more real than an alleged over-production, more permanent than the result of over-speculation, more disastrous than over-borrowing for reproductive works, and more formidable than strikes or lock-outs. The only adequate

explanation of these phenomena is the enormous rise in the exchangeable value of gold, which has reduced by one-half the prices of our commodities and the gold value of our assets, and thus doubled the burden of our debts. Our people begin to realize that if this is the true explanation of the phenomena, every effort put forth by them in further development of their resources, and all increased industry along the lines of their staple productions, will be futile while the gold by which their produce has to be measured and sold continues to appreciate. The burden of public, as well as of private, indebtedness is becoming intolerable. To meet it, an ever-increasing proportion of the results of their labour is required, and an ever-decreasing residue is available for exchange, for ministering to their home comforts, and for building up their common weal. The hope that an increase in the supply of gold will in time mitigate the pressure is a fallacious one, for the increase in population, and the consequent demands of commerce, keep ever in advance of any possible augmentation of the gold supply; and, unless by the remonetization of silver, we cannot restore the equilibrium between commodities on the one hand and the medium of exchange composed of the two metals accumulated for centuries on the other.

This accumulation formed the basis of a standard which, however imperfect on account of periodic variations in the supply of the precious metals, has been proved to contain the elements of stability more than is furnished by either of them separately, or than any other known standard, and the result of the misguided interference with it in the demonetization of one of its constituent elements, has given further proof that a currency automatically built up in accordance with the requirements of the world's commerce, cannot with impunity be interfered with by blind legislation.

It is difficult to determine what the outcome of the

present condition of things will be, if there is no further legislative interference.

That the colonies will struggle to the last to maintain their credit, we may take for granted. In order that each Government should meet its obligations the colonists will submit to heavier customs dues, additional taxes, and retrenchments of expenditure, even to the neglect of needful improvements, and the discharge of some of their ordinary functions. But this is the process of killing the goose which lays the golden eggs. Enhanced duties will be neutralized by decreased imports, heavier land and income taxes will be met by a fall in the value of all real property and by reduced incomes, and ere long it will be discovered how futile is the attempt to make both ends meet in a community which has made full use of its borrowing powers in the belief that a certain proportion of the results of its labour would suffice to meet the claims upon it for interest, when it afterwards finds that, by an unexpected increase in the value of the medium of payment, a double burden is laid upon it, with no prospect of future alleviation. In these circumstances is it to be wondered at that a fear as to their ability to implement engagements should take possession of the minds of the colonists, and that some ultimate scheme of readjustment should be suggested as an alternative to a total collapse ?

With our Governments strong in the fidelity of their people such a climax is probably still beyond the bounds of contemplation, but the signs of its approach are not wanting among our financial institutions. In regard to the portion of external capital invested in the private and hitherto reproductive undertakings of the colonies, they have already felt the pinch of the reduced productiveness of these undertakings, and are afraid of the threatened recall of the capital entrusted to them.

They have recognized the utter impossibility of realizing their assets, and have been compelled to reconstruct, that is, under the pressure of a threatened stoppage and disastrous realization, the depositors and debenture-holders have been induced to forego their right to recall their money, in the hope of a future restoration of confidence and credit.

The question for consideration now is, on what is this hope based? Under present conditions can we expect a recovery in the price of our staples, our wool, our wheat, our minerals, or such an increase in the production as will show the profit necessary to pay interest and to raise the value of our securities? Manifestly, with our population already straining its utmost in the way of producing we cannot expect much increase; and if all our produce is to be valued in gold, the volume of which, in comparison with the volume of commodities it has to measure, is certainly on the decrease, then, according to the ordinary action of the law of supply and demand, the prices of our staples, and the values of our securities remaining subject to the domination of a standard relatively decreasing in volume and appreciating in value, cannot be expected to increase, but on the contrary, have in prospect only a further decline. There is therefore reason to fear that unless counteracted by legislative action, this continued strain on our producing capabilities may precipitate a catastrophe involving not merely the Australian Colonies, but under the universal influence of a reduced or contracted currency the entire industrial world.

As units in the vast confederation, which constitute the Empire of Great Britain, the Australian Colonies can do little more than raise their voices in remonstrance. They look to the Mother Country to help them in this emergency. If the currency problem has to do with the present depres-

sion, and they now believe it has, they call on her, in behalf of her children, no longer to delay the consideration of a question fraught with so much that is vital to their material interests.

MR. H. HUCKS GIBBS:—We heard a very interesting paper yesterday from Mr. Charles Hoare, who showed you how futile it was to think that the interest of bankers lay in the appreciation of gold. Now there is another banker here who will tell you the same story, a story which he has worked out for himself, and of which he will give you a brief account.

MR. E. R. PEARCE EDGCUMBE, Dorchester:—Mr. Chairman and Gentlemen—I feel that I owe an apology to you for addressing you at all at a moment when we are all anxious to go to lunch, more especially as I cannot claim in any way to be a pioneer in this movement, being really only a very recent recruit. Three years ago I was firmly of opinion that gold was the only possible metal for our currency, but two years ago I had serious doubts, though at that time I still had a sort of faith in gold—that sort of faith which you know has been described as trying hard to believe what you know is untrue. I held on to that kind of faith for a while, but it would not do, and I have had to abandon it altogether, because I have come to see, as I believe you have come to see, that the only possible future for the commerce and industries of this country is a currency based upon the double standard. (Hear, hear.) Now I have been asked to say—and my words will be very brief—a word on the two last points of our programme: the banking interest in reference to investment. As I say, as far as bankers are concerned and their investments, I think you will probably find that bankers have rather benefited than otherwise by the movement which has been going on for the appreciation of gold. The investments which they hold have been driven up to what I cannot but

consider a sort of artificial value in consequence of the high price of gold. A large mass of investments in commercial undertakings, and the national investments of foreign countries, are held very widely by their customers. I have been surprised to find amongst people whom I know how widespread are their holdings in foreign securities, both of a national and of a commercial character; and all these holders have suffered severely already, and may suffer more in the future. Some countries have had to abandon altogether the payment of interest; some have had to cut it down; and others we know are trembling on the brink of falling into arrear. Now that is a serious thing for bankers, because bankers must rely largely for their increasing prosperity upon the prosperity of their customers. If their customers are doing well, it follows almost of necessity that bankers must do well too; and if their customers are doing badly or suffering, it is a necessity almost that bankers must suffer along with them. Now I come from the South-Western portion of England, where we are largely agricultural, and I need hardly say how serious has been the result of the appreciation of gold in all our rural districts. As late as 1878 you could sell land in our district for thirty-three to forty years' purchase. I could give you instance after instance where it has been sold for forty years' purchase, but thirty-three years' purchase was the very lowest sum that any seller would take. That was at a time when rents were at least 30 per cent. more than they are to-day. And what is the selling price to-day? It is not thirty-three years' purchase; it is only twenty-five years', and you find it difficult to get that. You have not only lost your rents, but the selling price is based on a very much shorter number of years' purchase. Once if you had taken a farm, even at £300 a year, it would have sold for £10,000 at thirty-three years' purchase; but the rent has fallen to £200, and

the price is now twenty-five years' purchase, or £5,000. Now if this was a fair and proper fall we should have to put up with it, but I have travelled in our Colonies, and I have travelled in South America, and I can assure you that I can put my finger upon lands in those distant places where they are provided with the roads and facilities that we have got, and where they are selling at a higher price per acre than our land sells at in the South of England. You can buy whole tracts in the South of England now for £15 an acre, and you cannot get that very well situated in regard to roads and railways, while you cannot buy such land in the neighbourhood of Buenos Ayres for that price. Therefore, I say that there is something utterly wrong, and that we are by this system, unless it is checked, proceeding downwards with regard to a large portion of the community. I cannot at this moment stop to tell you how it is affecting our rural districts, and how it is causing the farmer to lose so much, and how it is driving out the labourers from their employment, and sending them into the towns; but the result is that there are poor people who have to go without new hats and coats and different garments that are usually bought (to show what I mean by a familiar example); and this reflects even upon the townsfolk, who consequently have bad times, and sell fewer things, and have to wait longer for their payment. It is crippling the whole of our southern districts; and the only thing that relieves us is the fact that we are more favoured than some other parts of England, for we have watering places to which people come because of the milder climate, and they keep us going, and so help to reduce to some extent the loss, which, I think, ought never to have occurred. (Hear, hear.) Now I must say this for the farmer, because I have had a good deal to do with farmers, and I have had many interviews with them, that I have found farmers most reluctant to go to their landlords to ask for an

abatement of rent, and on numbers of occasions I have compelled the farmer to go to his landlord and say that he could not afford to pay. There are some who sponge on their landlords, but, taking the bulk of them, they pay up, and in many cases they have paid rents when they have not earned them. Now I will conclude what I have to say with one thing, and that is this: I do feel very strongly that those who call themselves monometallists are really not entitled to the name. I say they are not entitled to the name, because the term monometallist conveys the impression to the mind of everyone who has not investigated the subject that the one metal provides a currency for the world; but the difficulty I find with everyone is this: that they say, Why do you want two metals—why is not one good enough? The very term monometallist gives them the impression that that one gold currency goes everywhere, but we have learnt to-day, if we did not know it before, that it only goes over one particular portion of the world, and that the other portion deals in another currency; and therefore, if you are a monometallist, you are a man who is supporting a system which does not provide a currency for the whole world; you are a man who has to trade, and who compels his neighbours to trade, by a system of barter, and not by a system of currency. If I may give an illustration from an old divine, which I think may be useful in this matter about the views of the monometallist, I would refer to a quaint old saying of a divine, that the most difficult pursuit, the most hopeless pursuit, was that of a blind man in a dark room seeking for a black cat that was not there. (Loud laughter.) Now I say that our friends the monometallists are blind men in a dark room, and when they talk about being monometallists, as if there was a universal currency that they had got, it is simply a black cat which is not there. We are the only people who stand in the way of the world obtaining

a satisfactory currency, because we know you must have a double currency or none. I say we are under a difficulty in fighting, but it is a difficulty that can be removed ; still we are under a difficulty in the fact that the very term that our opponents use conveys a false impression. They are seeking, as I have said, for a black cat which is not there. (Applause.)

MR. H. HUCKS GIBBS :—Let me ask your attention for three or four minutes to Mr. Stephen Williamson, M.P., who was one of the pioneers of this movement.

MR. STEPHEN WILLIAMSON, M.P. :—Mr. Chairman and Gentlemen—I will strictly adhere to what your Chairman has said, and not detain you but for two or three minutes. I do not intend to deal with those enormous difficulties which are now besetting our commerce, and that are affecting our mercantile and industrial classes, although I could enlarge on them, and tell you of difficulties which my own firm, and I particularly, encounter personally, but I refrain ; nor will I deal with that monstrous piece of legislative work—the shutting up of the mints in India against the coinage of silver. I believe that no such act has ever before been consummated in the history of the civilized world as that of the shutting up of the mints, and the proscribing of that very metal—silver—which, by the fiat of British law, is the money of India. I believe that such a thing—such a piece of legislative absurdity—never before was consummated in the civilized world. I do not intend enlarging on that, because that will be dealt with by others, but I just want to call the attention of financial men and investors to one point, and that is, the dangers of the situation to the investing classes who have their investments in silver-using countries—I mean the shutting up of those countries practically as outlets for capital. Those countries present to us an admirable field, but we are practically making it extremely difficult to avail our-

selves of them if we do not shut them up entirely as a field of investment and enterprise for our money-lending classes. I understand that there now exists in circulation about £550,000,000 sterling—of paper, purporting at any rate to be about that value—in the civilized world. How on earth are those nations struggling to get upon a safe metallic basis ever to get on that safe metallic basis on which we all wish them to be, and how are we to look to them for the payment of our investments if we make it impossible so long as we adhere to our monometallic gold fallacy? Now, without enlarging too much, let us take for instance the position of Mexico just now as a field for investment. I see that during the last year or two the exports from Europe to Mexico have fallen off by about one-third to one-half. Mexico, I believe, is extremely well governed; at the head of it there are just people who wish to pay the interest on their National Debt. That interest is now 6 per cent. Suppose they resume the payment of that, honourably struggling to pay their debts and fulfil their obligations. As silver has fallen enormously, why should not Mexico say to us monometallists: When we borrowed this money we pledged ourselves to pay you 6 per cent. interest, but we came under that obligation when silver was worth 60*d.* an ounce, whereas it is now worth 30*d.*, and why should not we in perfect integrity reduce the interest to 3 per cent.? I think it would be right, and I am quite prepared to hear that Mexico wishes it, and I would not complain of it, but would think it a perfectly just and reasonable thing that they should do it. Mexico has a silver currency, and the same thing applies to other nations having a silver currency as to those that are now on an enforced paper currency. We make it extremely difficult for those on a silver basis, and we make it impossible for nations on an enforced paper currency to get back to a metallic money so long as we, the great

creditor nations in Europe, insist on having our pound of flesh. Why not let the nations avail themselves of both metals? Why not call in the aid of silver, as we used to do? We bimetallists are the true conservatives in this matter. We want to get back to the old safe basis, and call in silver and tie it to gold and increase the prosperity of the world, and so make safe to us those fields for investment for our spare capital, and promote the happiness and well-being of the world. (Cheers.)

The Conference then adjourned till 2.30 p.m.

Thursday, May 3rd, 2.30 p.m.

MR. HENRY HUCKS GIBBS, President of the Bimetallic League in the Chair.

THE SECRETARY announced that Sir Henry Meysey-Thompson, Bart., M.P., offered a prize of a Silver Cup, value £25, and £25 in sovereigns, for the best essay on certain points of the Currency Question, and that full particulars were to be obtained at any of the offices of the Bimetallic League.

THE FINANCES OF INDIA.

SIR DAVID BARBOUR, K.C.S.I., said:—I have been asked to explain the general effect on the financial position of the Indian Government of the appreciation of gold, and the divergence in the relative value of gold and silver. If I am brief it is not because I am dogmatic, but because I wish to save time. If I appear to speak strongly, it is because I feel deeply ; and if I speak plainly, it is because the time has passed for prophesying smooth things ; and on me, if on any man, the burden rests, in the interest both of India and of England, of stating to you the facts, and the whole of the facts, as plainly, as clearly, and as accurately as I can in the time at my disposal.

To understand the full effect, direct and indirect, on the finances of India of the divergence in the relative value of gold and silver, it is necessary to bear in mind certain leading facts connected with that country.

India is of vast extent, and contains an immense population. The people are intensely conservative, and suspicious of change. Their wants are few, and, judged by the Western standard of wealth, they are extremely poor. The amount that could be raised by taxation would, under any circumstances, be small relatively to the population, and a Foreign Government must be more lenient than a

Native Government need be. The governing of such a country in accordance, even to a limited extent, with Western ideas is necessarily expensive in comparison with the available resources.

The preservation of peace and order depends, in the last resource, on the British Troops employed in India, and the body of Englishmen serving in the various Civil Departments. Englishmen employed in India must be highly paid to compensate them for service in that country, and liberal terms of pension on retirement are also necessary.

The capital for the construction of Railways and other great works in India is mainly provided from England, and there is a considerable body of non-official Europeans in the country who have invested capital and who have created, or who manage, or take a large share in managing, various industrial enterprises. It may be laid down as a general rule that no Englishman who can afford to return to his native country settles permanently in India, and European children must, if possible, be sent to England both for the sake of their health and in order that they may be educated.

As a consequence of the state of things which I have just described, the tendency is for the public expenditure in India to outgrow the revenue, and the amount remitted every year from India to England on account of profits, savings from salaries, interest on capital, money for the support of families and education of children, and pensions, is very large in proportion to the total foreign trade of the country.

The Indian Government practically owns the whole Railway System of the country, and also a very extensive system of Irrigation Canals. The capital expended on these works has been provided partly from revenue, partly from money borrowed in India, and very largely from money borrowed in England, or provided by English Companies.

Many of the Railways were constructed by Companies on whose capital a certain rate of interest was guaranteed in gold by the Government of India. This state of things throws on the Government the burden of remitting to Europe every year the interest on the Capital expended in the construction of certain Indian Railways.

The revenue of India is also specially liable to fluctuations. The country is subject to periodical droughts, which affect the Land Revenue—the mainstay of Indian finance—and involve heavy expenditure on the relief of famine. Both the Railway Revenue and the Opium Revenue vary very much in amount from year to year.

On the other hand, the system for the control of Indian expenditure is defective. The control of the Revenues of India is vested in the Secretary of State for India in Council, but a large portion of his authority is, necessarily, delegated to the Government of India. The Government of India is comprised of seven members, of whom only one is chosen for his supposed knowledge of Indian or other finance. The other members of the Government are, for the most part, the heads of great spending Departments. They hold office for five years only, and they, not unnaturally, wish to show a satisfactory record of work done during their period of office. The making of a satisfactory record in each Department every five years involves, unfortunately, a liberal expenditure of the public money. A Government such as I have described might, of course, administer the resources of the country with the utmost economy, but the chances are against such a result. The tendency is towards excessive expenditure, by which I mean expenditure in excess of what is prudent and safe, and not necessarily wasteful expenditure in the first instance, though excessive expenditure always ends by becoming wasteful expenditure when financial embarrassment necessitates large reductions. The revenues of India

have, at times, been managed with great economy, but the credit of such management belongs entirely to the members of that Government for the time being. The *system* is not favourable to economy.

The Secretary of State for India in Council is, in many respects, a valuable check on Indian expenditure, and the only real and permanent check, other than the inability of the Government of India to raise more revenue. No control over expenditure, however, which must be exercised from England can compensate for the want of sufficient initial check in India over Indian expenditure.

The official organization for the control of Indian expenditure is, as I have stated, imperfect, and neither in India nor in England is there any intelligent and well-informed body of public opinion which can effectually check unduly liberal expenditure. India is a Continent rather than a single country. In addition to the Government of India, there are no less than eight Local Governments enjoying a certain amount of independence, and each with a separate financial system. There are also scattered and extensive tracts of country which are administered by the Government of India. The Financial Member of the Council of the Governor-General has not unfrequently been blamed because his Budget Statements were not readily intelligible to the English reader. The defence rests on the complexity of the subject, and the want of familiarity of the English, and I might add the Indian, critic with the details of Indian Administration. If the revenue and expenditure of all the Kingdoms of Europe were lumped together, shown in one account and explained in one Budget Statement, and a native of China devoted a few hours of his leisure to a study of that Statement, he would, no doubt, complain of the want of lucidity, and would hardly be tempted to return to the subject in the following year. At any rate, be the

cause what it may, the number of men, official and non-official, English and Indian, who are possessed at any one time of sufficient information to give a sound opinion on the general condition of Indian Finance, might easily be counted on the fingers of one hand.

The facts which I have brought to your notice may be briefly recapitulated—an Eastern country governed in accordance with expensive Western ideas, an immense and poor population, a narrow margin of possible additional taxation, claims for additional expenditure greatly in excess of possible additional revenue, a constant tendency for expenditure to outgrow revenue, a system of Government in India favourable to increase of, and unfavourable to reduction of, expenditure, no financial control by intelligent and well-informed public opinion either in India or in England, an insufficient check on expenditure in India, a remote and imperfect control exercised from England, a revenue specially liable to fluctuations from year to year, large and growing foreign payments.

I have brought these facts to your notice in order that you might clearly understand what were the conditions of Indian finance when the divergence between the Indian and the English monetary standard began, and be in a position to recognise the specially injurious effects and intolerable financial embarrassment which, under the conditions I have stated, must flow from a continuous and heavy depreciation of the one standard and appreciation of the other.

The divergence in the relative value of the two standards has had what I may call a two-fold effect. In the first place there has been a continuous fall in the value of the rupee relatively to the pound sterling, which was very seldom checked, and then only temporarily. And in the second place, there were occasional heavy and rapid falls, which, for the time being, quite dis-

organized the administration, and which led either to large reductions of expenditure or to increase of taxation. The reductions of expenditure were often of a specially injurious character, because, owing to the peculiar circumstances of India, the Government finds it necessary to undertake the construction of railways and other works for the development of the country; and the vice, and what appears to be the incurable vice, of the Indian Government being a tendency to undertake works involving a larger expenditure than it can in a series of years find money for, every great fall in the value of the rupee led to a sudden and wasteful check on Public Works expenditure, to be followed in a few years, when fiscal equilibrium had been re-established, by an excessive expansion which, in its turn, led to another wasteful contraction.

I do not propose to deal with all the great and sudden falls in the value of the rupee that have taken place. It will be sufficient for my purpose to go back to 1886-1887, and I will read to you what Sir Auckland Colvin, who was then in charge of the Indian Finance Department, said in March, 1886: " . . the position, as was explained in January, is very much complicated by the absolute uncertainty which hangs over the silver market. The fact that India, whose currency and revenue are in silver, has incurred heavy obligations in gold, has introduced into our financial situation since the fall of silver commenced an element which experience shows to be one of the most serious dangers with which Indian administration has hitherto been menaced. . . . Owing, further, to the oscillation in the silver market, there is now little practical control over surplus, equilibrium, or deficit in the Indian Budget." Sir Auckland Colvin added: "Indian finance and Indian administrative improvement and advance have become, in a word, questions of currency."



Sir Auckland Colvin used this language in connection with the Budget of 1886-87, when the rate of exchange was taken at the rate of 1s. 6d. the rupee, a rate which an Indian Finance Minister of the present day would not hope for in his wildest dreams. The rate taken for the Budget of 1894-95 is only 1s. 2d., and, as you all know, the market rate is now materially lower.

The crisis of which Sir Auckland Colvin spoke in 1886 was surmounted by reducing certain classes of expenditure, by levying contributions from the various local Governments, by suspending the Famine Grant, and by imposing additional taxation.

Subsequently the United States of America made an attempt to maintain the value of silver relatively to gold by increasing its purchases of that metal. For a time there was a large rise in the price of silver, a great improvement in the rate of the Indian exchange, and surpluses in the Indian Accounts, which, I am afraid, did more harm than good, as they lulled apprehension to rest and gave an altogether wrong impression of the permanent condition of Indian finance. The improvement in the financial position made it possible to restore the Famine Grant, but there was no cessation in the rate of growth of Indian expenditure, and no reduction of the taxation that had been previously imposed.

The end came speedily; the attempt of the United States to maintain the value of silver relating to gold failed, and failed, I believe, owing to the increase in the production of silver and to the fall in gold prices. Silver again fell heavily, and the Indian exchange sank lower than it had ever been before. The stock of gold in the United States was reduced, and a strong agitation sprang up in that country for the repeal of the Sherman Act.

It was under such circumstances that the financial year 1893-94 opened in India.

In two years the additional expenditure caused by the fall in exchange had increased by *Rx.* 3,937,000 yearly. The rate of exchange for 1893-94 was taken at *1s.* $2\frac{3}{4}d.$, which was somewhat above the market rate, and the Estimates for that year showed a deficit of *Rx.* 1,595,000.

The condition of the European officers, civil and military, serving in India, had been so seriously affected by the fall in exchange, that further expenditure to compensate them, in some degree, was inevitable and could not be much longer delayed. On the other hand, the market rate of exchange was weak, and there was every sign of another great fall. It was not expected that the International Conference at Brussels would result in practical measures being taken for the settlement of the currency question, and it was fully anticipated that, in that case, the agitation in the United States for the repeal of the Sherman Act would be successful.

Up to 1893 the effects of the divergence in the value of gold and silver on the finances of India might be summarized as follows :—

(1) The expenditure on exchange had largely increased, so that the amount entered in the Estimates of 1893-94 came to *Rx.* 9,935,000, almost wholly due to the divergence.

(2) There was also a heavy additional rupee expenditure, not included in the above sum, due to the fact that the pay of the British soldiers serving in India was fixed in gold, though paid in rupees.

(3) Further expenditure, which could not be put at less than *Rx.* 1,000,000, and which would probably exceed that sum, must be incurred in order to improve the position of the European officers of Government.

(4) There had been, in the past twenty years, several severe financial crises necessitating additional

taxation, and involving waste of money and mischievous fluctuations in policy.

(5) A further fall in exchange was impending, of so severe a nature that it was doubtful if the Government of India would be able to meet its obligations, while it was quite certain that to do so would involve the maximum taxation which India could safely be required to bear.

(6) There was every probability that the further fall would not be final, and that before long there might be another fall which would find the Government of India without resources.

It was under these circumstances that the Government of India decided to stop the free coinage of silver and attempt to introduce a gold standard. It is too soon to say yet whether or not the attempt of the Government of India to introduce a gold standard into India will be successful, but it is quite clear that its introduction must be a work of time, and that further and heavy sacrifices will be required.

Gentlemen, I have sketched very briefly and imperfectly the effects on Indian finance up to June last of that unhappy dislocation between the gold and the silver standard which began in 1873. The following matters that have occurred, I regret to say, subsequently to the closing of the Indian mints, and which are in reality the indirect results of the divergence in the value of gold and silver, also require notice :—

(1) Disturbance in the trade between India and silver-standard countries.

(2) A failure to draw in 1893-94 the full amount of Council Bills, and a consequent increase in the sterling debt of India.

(3) A further fall in exchange.

(4) An increase in the expenditure under exchange in the Indian Estimates for the current year to *Rx.* 10,306,000.

(5) A further increase of the rupee cost of the British troops serving in India, and an additional charge estimated at *Rx.* 1,113,000 for the current year (but which will exceed that estimate) for compensation to European officers.

(6) The absorption of the available portion of the Famine Grant.

(7) The imposition of further taxation in the objectionable form of import duties.

(8) The exaction of a contribution from Local Governments.

(9) Reductions in Public Works expenditure.

(10) A deficit of *Rx.* 302,000 in the Estimates for 1894-95.

Serious as is the present state of affairs, I think matters would have been even worse if the Indian mints had been kept open to silver while the Sherman Act was repealed.

Gentlemen, the catalogue of evils which I have given is not exhaustive. The speculative element which has been introduced into Indian finance is not favourable to good or economical administration. The contentment and (as a consequence) the efficiency of the European services, has been affected by their losses, while considerable political agitation has been caused in India.

Great, indeed, would be the service to the British Empire of him who could show the Government of India a means of finally escaping from the financial difficulties which now beset them on all sides.

MR. HERMANN SCHMIDT :—Mr. Chairman, Ladies and Gentlemen—I think amongst the many papers which we have heard here from this platform yesterday and to-day, the paper which Sir David Barbour has read will stand

pre-eminent in the importance of the subject dealt with. India will be the object-lesson to this country showing what the course of exchanges leads to all over the world. We have only to look at any part of the world, and what do we see most countries suffering from? We find them, even if their finances are in a fairly good condition, incapable of paying the interest on the gold obligations which they have undertaken, and through this cause, and this cause alone, one country after another gets into difficulties. (Hear, hear.) It is not only that the commerce is disturbed; it is that the whole system of the finances is undermined, and in some countries brought to the verge of bankruptcy, simply by the inability of these countries to control their exchanges. Now, Sir, it is well-known that some of the critics in this City are not, perhaps, fully acquainted with what is going on in these different countries, and they say: "Oh, very well, it is owing to extravagance; it is owing to bad administration of finance; it is owing to this cause, and that cause." They will not, however, be able to deny that India has been governed on the most approved financial and monetary principles; and that it is governed by honest people, by capable people; yet India finds herself in exactly the same difficulty as other countries. She finds herself practically unable to meet her gold liabilities. (Hear, hear.) If it were not for the fact that, for the time being (and nobody in the City can say for how long), the credit of England is enabling India to meet her gold indebtedness, already by this time India would have been unable to pay the interest of her debt, and that not because she does not possess the money, for 240,000,000 rupees are at the present moment locked up uselessly in the Presidencies of Madras, Calcutta and Bombay, but because she finds it utterly impossible, in the present state of the exchanges, and the present state of the commerce of the world, to convert those rupees which

she possesses into sterling money, and thereby meet the liabilities which she has undertaken. Now it is admittedly easy for the credit of England to back up India during temporary difficulties; but this difficulty is not temporary; this difficulty has been going on for some twenty years, and it is growing every year. It is said that the fall of a penny in the rupee makes a difference of a million sterling to the Government of India. But with every penny of a fall this difference becomes larger. It is the last penny that will make all the difference in the world between something and nothing. Therefore the difficulties grow, and the time will come, and in the opinion of experts it will come sooner than some people think, when it will be impossible for India to meet her liabilities; then this question will come home to the Government of this country as the most pressing question of the day. Gentlemen representing labour and capital have spoken to you of their own grievances, but those grievances come home to the Government of this country only indirectly, whereas the difficulties of the Indian Government are practically the difficulties of the English Government, and I for myself can see no way out of it but to restore the rupee to a fixed relation with gold. We know that was the opinion of the Indian Government, but they have been unable to carry out their views, and they have, as an alternative, closed the mints of India. For myself, I have never been able to see that this step was anything except a temporary measure. Look at what has been done. India was suffering because silver was depreciated, and because gold was appreciated, and a step has been taken, with the result of still further appreciating gold, and still further depreciating silver. (Hear, hear.) I cannot see how, under those circumstances, we can expect from the closing of the Indian mints even a temporary relief from the evils of the present situation; and if that is so, and if the last alternative has.

now been exhausted, we shall have to come back to the remedy which the Indian Government and the Indian officials originally proposed, the remedy of a fixed international relation between gold and silver. (Loud applause.)

MR. R. BARCLAY CHAPMAN, C.S.I.:—Mr. Chairman, Ladies and Gentlemen—I did not come here at all prepared to take part in the present discussion. I thought perhaps that you would hear enough about India, from the Indian point of view, in Sir David Barbour's paper and from other speakers like Mr. Hermann Schmidt. I look upon the Indian exchanges as a most instructive (if we will but be instructed) object-lesson to this country. This desperate condition, for it is desperate, of the Indian exchanges, is not an evil itself, it is a symptom of evils, which affect not the gold-using countries only, but all countries in the world. (Hear, hear.) Be very sure—I have not time to establish it now—that no country is more adversely affected by the present critical state of affairs than this country of ours—Great Britain. The evil in her case does not show itself in the simple form in which we find it exhibited in the Indian exchanges, but it does show itself in every direction by the stagnation of trade; by the destruction of interests, some of them the most important interests in this country; and by the general impossibility of carrying out those enterprises which are as the very life-blood of a commercial country such as England. Now, Gentlemen, we have been some of us for many years urging what can be said in regard to this subject, and I am not now going into the details of the question again. I would simply say this, that if you try to find the scientific explanations and reasons bearing upon this great question, you will find yourself beset with pitfalls, and the wisest and the most experienced are extremely likely to fall into one or other of these pitfalls;

yet the plain, simple fact, the outcome of it all, remains so clear, that he who runs may read. There can be no question that up to 1873 we had a standard which answered the purpose of the whole world quite admirably. We know quite well what disturbed that standard, and we know too well also the terrible consequences that have ensued. I cannot myself understand how gentlemen of ability and responsibility can afford to repudiate that plain fact, which stands out incontrovertible. Now the state of things which we have arrived at is this: I shall revert for a moment to India; but I shall not express any opinion with regard to the measure adopted last year, for my opinion is probably sufficiently well known. I cannot say what I should have done if I had been in the terribly difficult position in which Sir David Barbour found himself, and therefore I will not at all criticise what he did, and what the Government of India did, but I regret what was done for this reason, that the responsibility for the solution of this question lies not there but here. (Applause.) And so with the bearing of what was done for the moment to enable the Government here to repudiate their responsibilities, in effect to put by this great question, which will not bear putting by. Gentlemen, what is the prospect for the future? I was asked a little time ago by a gentleman familiar with the question: Have you any hope that you will be able to carry your point? Shall we achieve bimetallism? My answer was this, "By argument, No; but by the coercion of irresistible circumstances, Yes." I have long seen that India is insolvent. It is a terrible thing for one to say, who has always been proud of the financial administration of India, and believed that there was no honester or abler financial administration anywhere; but through the irresistible force of circumstances, India has become insolvent. I do not see myself how this very year India is to pay her way. You have heard from

Sir David Barbour that last year she did not pay her way ; very far from it. She was unable to pay her gold obligations, which are not less part of her obligations than any other obligations that she has ; and that was not for the first time. For years past she has been unable to do it. We have come now to what looks to me very much like a crisis ! I do not like to prophesy evil, and perhaps I shall be told that what I say does harm, but the time for any reticence seems to me to have passed. (Applause.) Presently the time will come, I am afraid to say how soon, when India will not be able to pay her way in this country without again resorting to the disastrous and impolitic act of borrowing in times of peace, and borrowing for current expenditure. She did so last year ; she took power to borrow £10,000,000, a certain part of which has not yet been exercised, and for my part I think that, if there were true and careful administration of the finances, the use of that remaining unexpended balance of borrowing power should be watched with the utmost jealousy. I suppose it will not be. It will be taken as done, and be allowed to flow along ; but that will last but a short time. Before very long it seems to me inevitable, that the Government of India will again have to come to the Government of Great Britain, and say, "We cannot pay our way ; we cannot meet our current obligations ; we must again borrow £10,000,000." I do not know what gentlemen will think when that next demand is made. There will be some searchings of heart over it no doubt ; possibly it may be granted, but even that child thrown to the wolves will not settle the question. The real difficulty of the position is this, which Sir David Barbour spoke of, that we have not got to any end ; there is no bottom to this thing, and when the time comes, if it is not the next time, then the time after that, inevitably, whoever is then in power, whether the present Liberal Government or the Conserva-

tives, will have to face this question ; and then will come the time which I spoke of as a coercion of facts. They may resist arguments, misrepresent them, turn them aside, pooh, pooh them, scoff at them, but when the fact comes, how is it going to be dealt with, how are India's obligations to be met? I cannot for a moment suppose that India will be allowed to commit any overt act of insolvency. (Hear, hear.) At the same time England has, and in my opinion very rightly has, always most anxiously disclaimed any responsibility for the finances of India. Mr. Schmidt pointed out to you what is an unquestionable fact, that the public does not so regard it. Do you suppose that if the Indian finances were standing in the public opinion upon their own foundation, with no responsibility on the part of Great Britain, we should have, at this moment, the India 3 per cents. a little above par? My own belief is that they should be a little above the Argentine 3 per cents. That responsibility is upon Great Britain. Will she take it up? I cannot tell. For good or for evil, the administration of political power in this country has fallen into the hands of classes of the population who do not easily perceive the political value to England of her connection with India. My own feeling is—I do not know whether this important audience will agree with me—that it would be impossible for Great Britain to tolerate the insolvency of its great Dependency, and the failure of what has been the most illustrious experiment and enterprise of her whole history, for that is what it will amount to. (Hear, hear.) If that took place, and India became insolvent, and England gave up the task as hopeless, as beyond her capacity to deal with, then I am afraid this beloved country of ours would sink, and sink justly, into a second or third or fourth-rate Power. (Hear, hear.) Now, Gentlemen, we do not know what will happen, but I do know what is wanting. It is a little genuine statesmanship applied to this question. It is

not the business of bimetallists, or of any other public body, to find a policy for the Government. There confronts them this tremendous crisis, for tremendous it is. We must not confine it to India. It is a tremendous crisis in every branch of our interests. It has confronted us hitherto, and we have obstinately refused even to deal with it in any way. We are waiting for a statesman, or rather for a Government of statesmen, to grapple with this business. (Loud applause.) The responsibility undoubtedly rests entirely upon Her Majesty's Government of Great Britain, and behind them, of course, upon this country. It is quite true what Mr. Balfour, the Leader of the Opposition, said here yesterday, that no Government can act until it has convinced the interests concerned, and especially the magnates of the City of London; but at the same time it is very necessary that the Government should have a policy, and should declare it. (Hear, hear.) The time for drift has passed, and I must say it is clearly to my mind a perfect disgrace to this country of England, which should be in the very forefront, and even has been in the very forefront, of sound financial administration, and of commercial enterprise, that she should be the one block in the way of the settlement of the question. (Loud applause.) Practically then, Gentlemen, what is to be done is to put such pressure—I am afraid the pressure will have to come in that most disagreeable shape to which I have referred—upon the Government as will compel them to lay aside that prejudice, which some of us venture to believe is bred, as prejudice always is bred, of ignorance only. I have great sympathy with those who have the task before them. I have known a little of what public life is under far less pressure than besets them. I know the difficulty of taking up and deciding great questions which have to be decided such as these, but the thing must be done. I think Home Rule important, and all the various interests of democracy

of vast political importance, but there is nothing so important as this. (Hear, hear.) The mainspring of the watch is out of order. How can it possibly keep time? It is perfect madness to attempt to deal with anything else without setting this great question right. Let us then hope that this great gathering which registers a most important advance in the consideration given to this question, in this very centre of the commerce and of the wealth of England, will wake up the Government a little bit and induce them to do their duty. It is for that that they exist. Let them appoint no longer Royal Commissions and Committees, and things of that kind, which are only devices for shelving difficulties. Some of our officials are only too familiar with that way of doing business. When you do not see your way through a thing, let somebody else enquire into it first, and the result is sure to be nothing definite being recommended, and, I am afraid I should add, it would end in the shattering of some great reputations of people who have sat on these Commissions. I have nothing more to say, but to express my own gratification, as an old bimetallist, perhaps one of the very earliest amongst English people, not reckoning perhaps our foreign friends, at the success which has attended this meeting, and to hope that at last something will be done. Our business in the meantime is to have our remedy ready. It holds the field. There is no other remedy to be proposed. I was reading a day or two ago what some of us I have no doubt have read — Dr. Giffen's evidence before the Royal Commission, printed in the *Times* two or three days ago — and what was his position? He admitted to the full the fact of the appreciation of gold, and admitted it was synonymous—I think they were his own very words—with the fall of prices, and he described it as a great evil, but he said that he had been unable to discover any better standard, putting of course the one possible standard out

of the field altogether, and not referring to it, and he said, "This is a tremendous evil, but I have nothing to suggest"—I think I am quoting him rightly, though it is from memory—"except that we should acquaint ourselves as far as possible beforehand with what is going to happen." Thus the doctors tell you that this is a hopeless case. Our remedy, however, holds the field. It is founded upon actual experience, and not upon any fancy theories which everybody can reject or split up. There is nothing to compete with it in the form of remedy. It constitutes the aggressive party, the aggressive force, and it has made great progress. Let us then be prepared with it, so that when this time which I have referred to does come, this time of inevitable and irresistible coercion, the Government, if they have not discovered it for themselves, may have from us the true remedy to fall back upon. (Loud cheers.)

MR. N. P. VAN DEN BERG, LL.D., of Amsterdam (President of the Netherlands Bank), said:—Mr. Chairman and Gentlemen—I have accepted your kind invitation to be present at this meeting with the greater pleasure, as I have something to say about currency matters in Holland that may perhaps interest you. As a rule very little attention is paid by foreigners to what is going on in my country, and yet, I think, our experiments in practical political economy, in the art of settling intricate political and economical questions, may in many respects be considered rather instructive. It has gradually become a popular belief amongst Englishmen, that "in matters of commerce the fault of the Dutch, is giving too little and asking too much"; but after all I dare say, without any unbecoming national self-glorification, that at the present moment, and for a long series of years, Holland is and has been the leading free trade country on the continent; the only country, England not excepted, where the

principles of free trade have been applied without any restriction or deviation, not only in the mother-country itself, but also in its colonial dependencies. And in mentioning our colonies I cannot pass in silence the strange omission that struck me in reading some weeks ago the remarks of the London "Economist" in the issue of 10th February last about European colonization. The article was written to prove that the Anglo-Saxon is by far the most successful ruler of tropical dependencies, and it went to show that neither the Germans, nor the Scandinavians, nor the French, nor the Hungarian Slavs, nor the Spaniards, nor the Portuguese, could bear in this respect any comparison with the English people. The name of Holland, however, was not mentioned at all, notwithstanding her colonial empire is only second in importance to that of the United Kingdom, extending as it does over some 720,000 square miles, with a population of about thirty-two millions. Besides, our colonial regime is certainly not inferior to that of other European nations, but scarcely ever is any notice taken of it; and the same remark applies to the banking system of the Netherlands, which for more than three-quarters of a century has worked so remarkably well. Even in the most recent publications about banking and banks, written by Englishmen, frequent mention is made of the account given by Adam Smith in his immortal work "The Wealth of Nations" of the old Amsterdam Bank, which was found to be utterly insolvent when the Dutch republic was overrun by the armies of the French in 1795; but till now I have never met with any account of the present Bank of the Netherlands, over which I have the honour to preside, and which has been in existence for the last eighty years without ever failing in its vocation to assist the trading community with the credit they require. Thanks to the organisation of the Bank of the Netherlands, we have been able to make head against the difficulties which

in times of crises and depression have so often disturbed the money-market in England, and never, during all the time of the Bank's existence, has there been any question of the suspension of the Bank Act, as has been so often the case with the great banking institution of this country. It is beyond question that the banking system of Holland may be taken as a model of the kind, and as a safe guide for the organisation of any other similar establishment. I feel almost certain that the London money-market would scarcely have suffered under the great crises of 1857 and 1866 if the Bank of England had been able to act upon the same principles as our National Bank, which in many respects stands unrivalled amongst the other circulation-banks of the continent.

Now, as regards the currency matters to which I beg more particularly to draw your attention, I need not remind you that Holland has often been blamed for adopting the single silver standard in 1847, a couple of years before the gold discoveries in California and Australia became known, and before the alarm was roused about the serious fall in the value of gold, which even impelled Richard Cobden to advocate the general demonetization of the yellow metal, the value of silver being according to his views much more stable, and the white metal, therefore, much more suitable to fulfil the functions of a measure of value than gold.

Whether Cobden may have been right or wrong, Holland at all events did extremely well under the silver standard during the twenty-five years of its working. Never has the country been so prosperous as during the period 1850 to 1870. Agriculture and industry were in a most flourishing condition; trade was growing and extending; and the credit of the State stood almost unrivalled amongst all the nations of the continent. Our experience thus goes to prove that most certainly the commercial prosperity

of a nation does not lie in a gold standard, as seems to be the common belief here in England, notwithstanding that that great statesman Lord Beaconsfield told you twenty years ago that there scarcely could be a greater fallacy than this belief.

Well, he said on the 19th November, 1873, when he was installed as the Rector of the University of Glasgow, "I think that any country which has a gold standard of value should think once, twice and thrice before it gives it up. But it is the greatest delusion in the world to attribute the commercial preponderance and prosperity of England to our having a gold standard: Our gold standard is not the cause of our commercial prosperity, but the consequence of our commercial prosperity." In many respects Holland may be taken as a most eloquent proof of the soundness of his views, and thoroughly satisfied as we were with our silver standard, and the monetary system based thereon, which for years has been considered as one of the most perfect systems of Europe, we certainly should not even have thought of altering our system if Germany had only left things alone. But it soon became evident that it would be impossible for Holland to retain the silver standard, were Germany and other adjacent countries to adopt gold as their standard of value. A first step in the new course was taken by our suspending the coinage of silver for private parties, and ere long the reform was completed by the adoption of gold as standard coin of the realm, the silver currency being left untouched as legal tender in payment of debt to any amount. Thus the system of the "limping standard" has been working in Holland now for about twenty years, and it cannot be denied that as a rule it has done fairly well, as has also been the case in France and other countries. But the system is in direct violation of the principles of monetary science; and the danger remains for both countries that they may suddenly

have to face unexpected contingencies, the consequences of which may make it indispensable to carry through the reform of their currency by demonetizing all their silver legal tender money. I need only mention the possibility of spurious coinage of silver money of full weight, a most profitable operation under existing circumstances, and which, it appears, is already being put into practice on a rather alarming scale.

Now, Mr. Chairman and Gentlemen, what has made the solution of the monetary problem in our country most difficult from the beginning, is the circumstance of Holland having, like England, as I just mentioned, a vast colonial empire, where silver has nearly always been the only standard of value. Having no mint of its own, Netherlands India has always been supplied with the money required for circulation by specie-imports from Holland—a system which during all the time of its existence has fully answered the requirements of the country. Thus a very narrow link united the currency of Java and the other Dutch possessions in the Eastern Archipelago with the currency of Holland ; and from the moment it was thought necessary to take into consideration a reform of the latter, the question arose, what was to be done with the former. In Holland itself no hesitation prevailed about the answer to be given, the general opinion being, that silver ought to remain the only legal tender in the East, whatever reform might be introduced in the monetary system of the mother-country. The idea of introducing gold as a legal tender in the Eastern possessions of the Kingdom was thought almost absurd. No sane Government, it was stated, could think of advocating such a measure—but the views that prevailed in Holland met with serious opposition in the colonies, where I have passed about thirty-five years of my life, and where, at that time, I was presiding manager of the Java Bank. The Java Bank, I may tell you, is a private concern,

a limited liability company, established in 1828, when it was entrusted by Government with the monopoly of the paper currency of the colony, which since then has always remained in its hands. It is managed on exactly the same principles as our home institution, with the same satisfactory results. By means of the Java Bank the commercial community in the colonies has regularly had the benefit of plentiful and cheap credit: and I dare say, without any exaggeration, that in this respect England may have something to learn from the experience gathered by us—a bank rate of 10, 12, nay even 14 and 15 per cent. being a not uncommon or extraordinary occurrence in British India, while in Netherlands India the rate of interest has scarcely ever exceeded 6 per cent. for the last twenty years. The striking difference between the two money markets is mainly in consequence of our having in the colonies, as well as at home, a thoroughly sound system of paper currency; whereas British India has been labouring under a system which, in my opinion, is the most impracticable and the most irrational ever adopted. But I need not enlarge upon this subject, having explained my views in a pamphlet on the money market and paper currency in British India, published at Batavia in 1884, and which at the time attracted much attention from the banking authorities in your Indian empire.

Now to revert to the colonial side of our monetary policy, the general opinion in Holland, as I already told you, was that Government ought to leave things alone, trusting that the fall in the price of silver would work its own cure; because there would be an ever-growing demand for silver for the East consequent on its cheapness, as the lamented Walter Bagehot argued at the time in the London "Economist." Nearly all the leading economists in Holland shared the opinion that there need be no fear of a serious and permanent fall in the value of silver; but in a paper read

at Batavia, as early as the 16th June, 1873, I already took the liberty to protest most earnestly against these views, and to defend my opinion, that the East could not possibly absorb all the silver, for which there would be no longer an immediate use in Europe ; and the Asiatic silver market therefore would by no means be able to secure to silver that relative stability of value which, according to the recognised principles of monetary science, it ought to possess to serve as a permanent standard measure of value in Europe as well as in Asia and everywhere else. I exposed the hollowness and unsoundness of the theory : “gold for the West and silver for the East,” and being convinced that a serious depreciation of silver would ensue from its abandonment as standard of value by the leading monetary powers in Europe, I endeavoured to convince my countrymen that, equally with the people of Holland, the Indian subjects of the king of the Netherlands were entitled to protection from the ruin and disaster in which the action of a depreciating currency must necessarily involve them. Since leaving the school where I got my first notions of political economy, I have always been guided, in theory and in practice, by the principle that stability of value, as far as attainable, is the indispensable characteristic of a monetary standard for every country in the world. I consider it a primary duty of every Government to neglect no reasonable means of keeping the currency once imposed upon its subjects at the standard value ; and my struggle for what in this respect I think right has not been ineffectual, as our Home Government, after some hesitation, has done at last all that could lay in its power to protect the currency of the colony from depreciation, by enacting gold to be the only monetary standard of Netherlands India for the future, exactly on the same footing as in Holland itself. No doubt the abandonment by Netherlands India of the single silver standard, which for years had always admirably answered the purpose,

is, for various reasons, sincerely to be deplored—but the most important is the most pressing. As long as silver is proscribed by the leading monetary States in Europe, gold alone offers the necessary guarantee of stability of value a monetary standard ought to possess, and it therefore may be put to the credit of the Dutch Government, that instead of leaving the Indian currency to its fate, and of imitating the “masterly inactivity” of the rulers of British India, it has made gold the regulator also of the currency in the Eastern possessions of the realm.

But, Mr. Chairman, I already hear the objection that, after all, the fall in the gold price of silver has conferred a boon of immense value on the country—as that eminent Indian statesman, Sir David Barbour, has told us on page 154 of his book on the “Theory of Bimetallism,” and that Java indeed has been rather suffering in comparison with its neighbouring countries which have a silver standard. Well, Mr. Chairman, if it is taken for granted that the fall in the value of the rupee from 2s.—the rate at which it stood formerly—to 1s. 6d., 1s. 4d., 1s. 2d., nay, even to 1s., has been a benefit to India, then the benefit must become still greater if the value of the rupee goes down to 6d., to 4d., to the value of copper, for instance—a metal which, in that case, might conveniently be used for currency purposes, as actually was the case in our colonies prior to the introduction of the silver standard about the middle of this century. It is not to be denied, of course, that some parties, nay even a large part of the Indian community have been doing well and making large profits on account of the depreciation of the currency and the accompanying disruption of the exchanges with the gold countries, but I need scarcely remind you of the words of Stuart Mill, in his “Principles of Political Economy:” “There is no way in which a general depreciation of money can benefit anybody, except at the expense of somebody else.” Planters and

export merchants in India may have been gainers, and from their point of view this is, of course, an advantage; but it is quite another question with all those millions of lower-class natives, who have to pay 50 per cent. more for what they require of European clothing, earthen, glass and hardware, kerosene oil and other imported articles, than when the rupee stood at 2s., whilst their income has remained the same.

Only then can there be any truth in the argument that India has been prosperous through the working of the fall in the gold price of silver if it is admitted as an irrefragable fact that, to use the words of that leading monometallic paper, "The Statist," in its issue of November 5, 1892, "it was the conditions which determine the value of gold which altered, not the conditions which determine the value of silver; or to put the matter into perhaps plainer language, that the value of silver during the past twenty years has been far more stable than the value of gold."

If this be really the case, and for my part I believe there is a good deal of truth in the argument, then I candidly confess that Holland has been in the wrong and England in the right with regard to the monetary policy they have followed in their respective colonies, but at the same time it involves the pure and simple condemnation of all monetary systems based upon gold in general, and of the monetary system of England more particularly, for then a most sensible appreciation of gold lies at the root of the evil, the fatal consequences of which can be hardly over-rated. The relative stability of its value is one of the essential conditions of a good money, and a gradual appreciation of the standard used to measure all values and effect all exchanges cannot fail to be disastrous to all mankind, as it benefits only those who own money and aggravates the position of the others, the workers—in a word, the immense majority of the population.

It seems to me that really the whole monetary question may be condensed within a very narrow compass. We stand face to face with the fact that the discarding of silver for currency purposes in Europe has, within a couple of years, brought about a disturbance in the ratio of value between gold and silver, unexampled since the construction of the Pyramids. Now

. . . . to find out the cause of this effect,
Or rather say, the cause of this defect,
For this effect defective must have cause ;

it is evident that we have only to look after a fall in the value of silver, or a rise in the value of gold, unless what I think to be the most probable solution, the working together of both causes may be in play. A triple contingency therefore, which leaves no escape from the following syllogism :

If silver is depreciated, to an extent of about half its former and historical value, then England stands convicted of a plain and very serious neglect of duty in suffering the Indian currency to become depreciated to the same extent.

If the value of silver has, in relation to all other commodities, remained stable, and if the monetary disturbance of the last twenty years is only attributable to a serious rise in the value of gold, then nearly the whole of Europe, together with the United States of America, have been in the wrong by making gold the only regulator of national and international currencies and exchanges.

And should it be conceded that the source of all the mischief the whole world is suffering from, and which fills the minds of so many people with "speechless grief and dark despair," must be brought home to the simultaneous influence of a depreciation of the white, and an appreciation of the yellow metal, then all those have been guilty of an unpardonable act of rashness who have steadily opposed

the endeavours to link both metals together by means of an international agreement with a view to maintain gold as well as silver in the functions they have so admirably performed since a common medium of exchange has been indispensable for the wants of the human race.

The more I have studied the subject, and it is now already over twenty years since it has been occupying my attention almost daily, the more I have felt convinced that the only remedy for the present evils lies in international bimetallism, and that the universal adoption of a fixed ratio between gold and silver would be of incalculable benefit to all the world. To maintain such a ratio, it is argued by the opponents of the bimetallic theory, would be an utter impossibility, it being contrary to the nature of things that legislative action, instead of the ordinary action of the law of supply and demand, should regulate the relative value of two different commodities. Even admitting for a moment the force of the argument, although its fallacy has already been demonstrated *ad nauseam usque*, I must confess that it passes my understanding how any reasoning being can fail to see that the outlawry of silver by means of legislative action on the part of nearly all civilized nations has much more disturbed the working of the great economical causes by which the world is ruled, than ever would have been the case if a universal arrangement had been made at the time to open all the mints in the old and the new world to the free coinage of gold and silver, at the ratio France and its neighbours had kept up for more than seventy years, notwithstanding that the relative production of the two metals was absolutely inverted during the same period.

By others it is argued that no remedy in the shape of bimetallism can succeed in doing away with the evil from which the world is actually suffering, because whatever has been done in that direction has till now proved unsuccessful ;

but never, so long as the world has existed, has a universal understanding been come to amongst nations to use gold and silver conjointly for currency purposes at a stable ratio, and every argument, therefore, against such a course based on isolated trials and isolated experiments, must necessarily remain incomplete and misleading. Whatever effect increased production of silver may have had till now, it is a well-known fact that any available stock of the metal is nowhere to be found for sale. All the output of the mines has been brought to market and disposed of, either for industrial and coining purposes, for a reserve against the silver certificates in circulation in the United States, or for export to India and China. Now the effect of a bimetallic league could have been no other than to slightly alter the distribution of silver amongst the various nations, without causing, however, any sensible difference in the monetary situation from the one actually in view. It may be that Europe would have absorbed a little more, and the East somewhat less silver perhaps, but on the other hand, to quote the words of a well-known American author, "there would have been no cause for uncertainty as to the future value of either half of the world's money relatively to the other; no actual divergence of the market ratio of the metals, which would, on the contrary, have remained more firmly grown or welded together; no undermining of gold values by competing silver prices made artificially lower; no 'silver question' in fine would have existed to chill confidence, to distract the present and cloud the future of individual or of corporate or national finance."

I will not trespass upon your patience any longer, but before concluding I have one more remark to make, namely, that the international side of the currency question cannot be too much insisted upon. The study of economics has hitherto been too much diverted towards considering what

currency is most suitable for individual countries, international exchange being generally left to find its own level. With the enormous international trade now going on, and likely to increase year by year, the first question of the day should be international currency, to which the internal currency of each country has to adapt itself. The problem before us for solution, I again quote the words of another American author, is to take the existing conditions and to regulate such changes in the money of the world as will bring us gradually to that better system which increasing intercourse has already rendered desirable, and which will soon become absolutely indispensable to that broader civilisation to which the evolution of the race is leading us!

PROFESSOR MILEWSKI, Professor of Political Economy, University of Cracow, said :—Honoured by the invitation to this Conference, and coming from a country which has recently entered upon an important monetary reform, I shall make but a few remarks upon the consequences of the introduction of the gold standard in Austria-Hungary.

Two years ago, during the preparatory steps taken there for this reform, nearly all the members of the Monetary Commission of Inquiry, and all the supporters of the monetary projects of the Government in Parliament, pointed out the necessity of a transition to the gold standard, and the impossibility of settling the Austrian monetary question without its adoption.

This necessity was then advocated and proved by the difficulties of exchange existing between countries with different standards, and by the fact that the most important economical relations of Austria are with gold-standard countries.

I myself, as a member of the above-mentioned Monetary Commission, admitting this argument, stated on the other

hand³ that this necessity to introduce the gold standard in Austria-Hungary is *not a victory, but a defeat*, for the theory and party of gold monometallism. There was once a time, between thirty and twenty years ago, when the general opinion was in favour of the monetary union of the world on the basis of a universal gold standard, and the first International Monetary Conference, held in Paris, 1867, advised the transition of all civilized countries to the gold standard alone. But that time is past, and that tendency of opinion no longer exists. The first steps taken in the direction to extend the gold standard caused such disturbances, that already, in 1878, Mr. Goschen, as an English delegate to the second International Monetary Conference, defending the gold standard for England, nevertheless declared the tendency to the universal adoption of the gold standard to be : "*a false Utopia.*"

And since that time nothing has been said in favour of the extension of the gold standard to all countries ; the monometallists advocate only the maintenance of the actual situation, and they advocate the imaginary project of a division of the world into two different categories, with different standards of value.

But this maintenance and this project are proved to be impossible, and even the transition of Austria-Hungary to the gold standard, and the arguments brought forward in favour of this change, most clearly prove that impossibility. And this arises from the fact that the economical supremacy of the countries already using the gold standard, and the losses resulting from the permanent fluctuations in exchange between countries with different standards, will force one country after another to accept the gold standard. This transition will take place all the more certainly because the losses and disturbances caused by the appreciation of gold will be felt much more in the countries, in which gold as standard of value, and therefore, as the

measure of all obligations, has long existed or has been lately introduced, on the basis of its former and smaller value, than in the countries in which the actual and future appreciation of gold will be accounted for in fixing the ratio between the new gold standard and the old currency (paper or silver). That country will lose least which will be the last to take up the gold standard.

And here lies a very great danger for all countries already in possession of the gold standard, a danger growing with each stage in the increasing appreciation of gold.

In consequence of the unavoidable further extension of the gold standard, the gap between silver and gold will become greater and greater ; and of course there will be a point which will no longer permit countries, where even now silver coins have the full character of legal tender, as in France, Germany, Holland, the United States, and Austria-Hungary, to maintain their policy. There will then arise an enormous contraction of the world's currency, the value of gold must then enormously increase, causing a dreadful additional fall in prices, unjustly increasing the burden of all obligations, public and private, which altogether will lead on to that crisis : "*more disastrous than any which the commercial world can remember,*" predicted seventeen years ago by Mr. Goschen.

The manner and the degree in which an extension of the gold standard appreciates gold can be distinctly seen even in the instance of Austria-Hungary. The monometallists advocated fixing the value of the old currency upon the actual and the past price of gold ; I myself recommended another basis for the valuation in gold of the Austrian currency, asserting that our demand for gold must increase and enlarge its use, and therefore its value ; also that it is necessary *à priori* to take notice of this future appreciation of gold caused directly by the currency reform. My

opinion did not prevail. The unavoidable appreciation of gold was disregarded, and at present there is a premium on gold reaching almost 5 or 6 per cent. In the monometallic press you can find all kinds of explanations of the nature and causes of this premium on gold, all of them except the true one, and that is the disregarded appreciation of gold, disregarded though produced by the law.

Against the danger of a further extension of the gold standard, of a further and even more disastrous appreciation of gold, there is but one remedy, the remedy advocated so warmly and persistently by the Bimetallic League. And therefore, thanking the Council for their invitation, and thanking the President and all those present for the kind attention they have given to my remarks, I can but wish that the endeavours and the action of the Bimetallic League may be successful, and may redound to the honour and welfare of England, to the prosperity of the world, and to the advancement of social justice.

MR. A. COTTERELL TUPP (late Accountant-General, Bombay) :—Ladies and Gentlemen—We have very little time to spare now, and I wish only to draw your attention to one particular effect of the appreciation of gold. I think I may assume that you admit that the increase in the value of gold has been proved, and you have heard from many speakers that it is now universally admitted. Messrs. Sauerbeck and Soetbeer and the *Economist* Index Numbers have certainly proved to the satisfaction of all statisticians that gold has appreciated or increased in value by 50 per cent. I want you to consider what this means in the increase of national obligations, whether to our own country or to foreign countries. In England we have four kinds of National Debt; first our own National Debt, secondly the gold debt of India, thirdly the debt of the Colonies, and fourthly the gold debts of foreign countries, and with all these we are concerned in different degrees. As regards

our own National Debt, the diagram in the *Statist* of April 21st, which most of you have probably seen, shows that it was £839,000,000 in 1842, and that it has been nominally reduced to £664,000,000 by the payment of £175,000,000 in fifty-two years, or an average of about £3,500,000 a year. But this reduction is nominal, not real, for owing to the appreciation of gold, every sovereign of that debt has increased meanwhile in purchasing power over commodities to the extent of 50 per cent. ; or, in other words, the gold prices of commodities have fallen in the proportion of 100 to 67, and this means that 50 per cent. more commodities must be given to pay this gold debt, or £996,000,000 of the former purchasing power of gold. So that instead of being reduced by £175,000,000, the debt has really, when measured in commodities, been increased by £157,000,000, and the loss to the tax-payers of the nation is the total of £175,000,000 which we have paid off, and of the £157,000,000 by which the debt is increased, or in all, £332,000,000 sterling. There is a small reduction, I should say, to be made from this, because the whole of the gold with which that portion of the debt (£175,000,000) has been paid off had not, at the time it was paid off, appreciated to the extent to which it has now appreciated ; but still that will make but a very small difference in the whole. You may say, if you like, that the total loss, owing to the appreciation of the gold, to the English nation is £300,000,000 sterling. Though we have paid off this £175,000,000 in fifty-two years, we are still £157,000,000 worse off than when we started. I need hardly remind you that the only true test of a measure of value like gold is the test of what it will procure in commodities, how much wheat, cotton, coal, or iron, you must give in exchange for a given quantity of it. Tested by this, which I hold to be, and which I think you will find to be, the only true test, you, the English people, must give £157,000,000 worth more of commodities to

pay off your National Debt, than you need have given in 1842, or up to 1873, even although you have in the meantime paid off £175,000,000. Of course, I need hardly say that the same test applies to the Indian debt, the colonial debts, and the foreign debts with regard to gold ; but I will only mention the Australian debt—a debt due by our own colonies to us. The Australian gold debt to England is stated at £200,000,000, but measured in commodities it is now equal to £300,000,000, and Australia will have to send us £300,000,000 worth of wool and other commodities to pay for it, instead of the £200,000,000, which it originally owed. The Indian gold debt is £107,000,000, and that means, at the present rate of gold, £160,000,000 worth of commodities. I want you just to think what this increase of obligations means in human labour and human endeavour ; how many human beings must earn this extra tribute by the sweat of their brows ! And why must they do it ? Because the capitalists of the world have agreed to enhance the value of the mortgages which they hold on human labour, by 50 per cent., by refusing to allow the legal use of that metal which was the measure of human labour when these debts were incurred. This is the cruelty of monometallism and the injustice of it, and I ask you all to help us to suppress it. I believe myself that this is the argument which will appeal most strongly to English voters—that it is an injustice which every voter in this country will feel ; and that it will come home to every man who pays even the smallest amount in taxes ; and I believe that if an election comes off soon, the greatest and most forcible argument we can bring forward will be that the increase of the National Debt will touch every man we address. (Loud applause.)

MR. HUCKS GIBBS :—Allow me to introduce to you now, Gentlemen, one who felt himself compelled to give up his seat in Parliament because he could not support a

Government which showed itself so callous to the interests of commerce in this country in respect of bimetallism.

MR. W. H. GRENFELL:—Mr. Chairman, Ladies and Gentlemen—I can assure you it gives me the greatest pleasure to accept the invitation which has been sent to me at somewhat short notice by our worthy Chairman, to address a few words to you on this occasion, and I can assure you I will not requite your great kindness by trespassing too long on your patience. Mr. Hucks Gibbs has referred to the fact that I relinquished my seat in the House of Commons. I do not think, Gentlemen, it requires much justification for that action when we consider the enormous interests that were at stake, and, if anyone had the question only half as much at heart as I have, I am sure he would have relinquished as many seats, and many more seats, than I have done. But, Gentlemen, I felt it was no longer possible to follow, even if one might agree on other points, politicians who on what seemed to me the most important subject of all, were so hopelessly at sea. (Hear, hear.) And I firmly believe that those who were responsible for the failure of the Brussels Conference are responsible for more human misery throughout the world than any individuals I can think of at the present moment. I am sure that even the relinquishment of a seat in the House of Commons was but a poor testimony to the strength of that belief, and when I also say that our leaders, even when they were bringing forward arguments and trying to justify the course of action which they were pursuing, could only bring forward arguments which were absurd, untrue and illogical, I felt that those leaders could no longer be my leaders; and I must say that when I think of those arguments, as I have heard them on several occasions, uttered in the House of Commons, I regret that from this platform we could not supply politicians who would put forward the bimetallic point of view with some justification

and with some logical sequence. Well, Gentlemen, I do not intend to address you at any length. I will only say it has been a great pleasure to us all to come into this most important International Conference, and to meet face to face and in the flesh those heroes and giants who have so long fought for these questions, such as Monsieur Cernuschi, who long ago raised the standard—(loud applause)—and who even now is able to fight lustily for the standard he has raised. I am amongst the younger men who are following in his steps, but although he has certainly made a great step forward in this question, I think there would be something wanting if we did not come forward to this Conference sturdily and straightforwardly to follow up his efforts with what we could do ourselves.

There are just two points which I should like to bring to your attention. The first is, as we all know, that no great movement of this sort can progress without adequate funds, and I should like to bring before those who have not yet been appealed to, the fact that even were they to subscribe somewhat largely to this movement, it would still bear but a small proportion to the interests which we all have at stake. (Hear, hear.) In the second place, we all know that we are governed by that Parliament to which I have just alluded. They have several party questions for which they fight lustily, but what we want to do is to bring home to every Parliamentary candidate at the next election the most important question of all, which is the currency question. With this view I must appeal to you, Gentlemen, to give me your help. At the request of the Committee of the Bimetallic League, I have undertaken Parliamentary work in connection with the next elections. The League has drawn up a certain number of questions which it is proposed and intended to submit to every candidate in every constituency throughout the kingdom, and for that purpose I should be very much obliged to any

gentleman here present who would volunteer to help me by undertaking different constituencies, and seeing that deputations waited on each candidate with these questions. It is important, when the next Parliament assembles, that it should be accurately known what are the opinions on this subject of every member of that Parliament, and also, to some degree, of every candidate. The answers obtained to the questions will be sent back and pigeon-holed, and we will receive those gentlemen who return favourable answers with open arms; and, as for those who do not, we will, I think, know how to deal with them in the future. (Hear, hear.) I think, considering the great stride which this question has made, considering the enormous *clientèle* which has now got represented, not only by labour, but by capital, and by every industry in this country, that candidates for Parliament will think twice, thrice and four times, before they go against such important interests as are represented by those gentlemen. Therefore, as I say, if you can just help me in this work by sending to No. 4 St. James's Square the names of any constituencies which you yourselves will be willing to undertake and look after, I think you will be doing a great, a good and an important work in furthering the interests of our good cause. I do not know whether I have explained the *modus operandi* sufficiently, but the idea is this: That anybody who undertakes a constituency should undertake to get up a small deputation, non-political, and, if possible, formed from adherents of both parties, to wait on the candidate, and put to him these questions which have been drawn up on this great subject of the day, and then forward the answers to head-quarters, where they will be duly looked after. For instance, I myself have undertaken ten constituencies, and if any gentlemen will undertake five, or four, or three, or two, or one, we shall soon get the whole of the electoral districts mapped out and dealt with.

I can only say, Gentlemen, that, if both of these objects are thoroughly looked after, that is to say, the funds and the Parliamentary campaign, I think when we next meet we shall be all congratulating ourselves, not only on the success of our cause, but on the improved state of agriculture and trade in all the great industries of the country.

THE PRINCIPLES UPON WHICH AN INTERNATIONAL RATIO SHOULD BE FIXED.

MR. HENRY HUCKS GIBBS (President of the Bimetallic League) said:—Now, Ladies and Gentlemen, you may think it somewhat superfluous that I should think of talking about the ratio after the very careful and interesting speeches we heard yesterday, but they were addressed to the point whether an international agreement was possible and expedient and just. We have learned, no doubt, all of us, a great deal from our friends who have spoken to-day and yesterday. I think we may venture to say that we ought to learn, not only from our friends, but from our enemies—from our friend the enemy—for, after all, he is a very excellent friend to us whose mode of attack is the bringing forward of futile fallacies and unhistorical misrepresentations, because such weapons as those are easily warded off by a moderately well-instructed schoolboy.

Now I wish to say a few words on the subject before I come to my written paper. We are told by some of our critics that the stability of the ratio under bimetallism has been enormously exaggerated. What a pity they do not produce the unstable bimetallic who has enormously exaggerated it. I have not met with him. What I know, and we all know about the stability of ratio is, that nobody has ever been able to produce an instance in which, in bimetallic countries, there has been any difference in the prices of

commodities as between gold and silver—and as to the price of the metals in monometallic countries, we have seen the reports, the daily reports of the price of silver—and they show that up to 1873 there was no variation in the price of silver that can be counted as of any importance in the argument :—59 was the minimum; $61\frac{1}{2}$ or 62 was the maximum. But since 1873 we have had most enormous variations. The stability before 1873 has not been exaggerated; the instability since 1873 cannot be exaggerated. We have seen lately a diatribe against the Royal Commission, but I do not think I need say anything about that. The Commissioners, all twelve of them, are perfectly well able to take care of themselves—(Hear, hear)—one of them took good care of himself yesterday, very much to our satisfaction. But our critics say these Commissioners thought the thing could be done because they thought it had been done. I find nothing in the report of the Commissioners about their thinking it had been done. They say, and say truly, that it was done. Now whatever it was that was done before 1873, whether it was bimetallism, or by whatever other name you may like to call it, that is what we want. (Hear, hear.) We do not care whether you say it did this, that or the other thing, but we want that. “Why,” it has been asked, “should we say that silver has fluctuated since 1873 and not before?” “Does not everybody know that the fluctuations under bimetallism have been considerable; yet “this has been very angrily denied by the bimetallists.” Now I want to find that angry bimetallist. I have not yet found him, that angry bimetallist, who says there have been no fluctuations under bimetallism. We know that there were fluctuations and must have been fluctuations, but they were fluctuations of small magnitude, oscillating round one fixed point. Then again we say, “We rely upon history”; and they reply, “What an unstable thing to rely on! Probably history has been misread”; probably it has. I should

not wonder ; but then who are they who have misread it ? Are we to think that Locke did not recommend a ratio suitable for that time of $15\frac{1}{2}$ to 1 ? Perhaps he did not, but he said he did. Perhaps, also, it did not become the law of the land ; but the Treasury Order is alive to testify that it did become the law of the land, and the ratio fixed by it was never varied but once for 100 years. Who was it that varied the ratio ? Well, Sir Isaac Newton says that he varied it to 15·21 to 1. He says so, but then you need not believe that, because “ history has been misread ! ” All that we have been told in fact by the prophets of the Press we must believe, and consequently all that we have asserted is wrong. Then there is another thing. We are told that, one and all, we shrink from intimating what the ratio should be—that we say it is a detail not worthy of consideration. Again, I want to find the bimetallist who says it is a detail not worth considering. I have not met him. *Here* is a friend of ours who did not seem to me to shrink with undue shyness yesterday from saying what he thought the ratio should be (indicating Monsieur Cernuschi). I do not mean to shrink either ; but I do not mean to tell you more precisely what the ratio should be, because I do not know, and I do not venture to prophesy : I leave that to our opponents. But I do mean to tell you what should be the principles on which an international ratio should be fixed.

Here they are in a few words. The principles are, in my opinion, with all deference to those who may think differently from me, that we should begin, I do not say in the least at what point, because I do not know, as I said before ; but we should begin with the market value whatever that may be, and rise by slow gradations, by slow progress, to that point that may be determined, not by you or me, but by the nations in concert. What that point shall be is a matter not to be determined

by one judge alone ; not even before an intelligent jury like this ; it is to be determined by a sitting in banco of the representatives of the nations, and then those who represent our views on this matter will not be in the least degree shy of saying precisely the point at which they think it ought to begin ; precisely the gradations by which it ought to increase ; and finally, the point which it ought to reach. But it is not for us to say it now. It takes two to make a quarrel, but it takes three or four to make an agreement on such a point as that, and we cannot make up our minds here and say what it is to be. One thing you may be quite sure would have to be done, and that is to make the gradations so slow and so regulated as not to give rise to undue speculation, and not to produce too great an injury to those who have contracts pending. I will add that in regulating the speed of the movement it is obviously impossible that the ratio fixed by the State from time to time with the intention of reaching an ultimate fixed point should follow implicitly the market ratio. The ratio fixed by the State should, I think, begin at the point indicated by the market price, but it must be so regulated as to cause the least possible disturbance. (Hear, hear.)

I will now turn to my written paper.

The part of the subject of which I propose to treat in this paper is the principle which should guide a Conference in fixing the ratio between gold and silver when the nations represented in it have come to an agreement that an International Bimetallic system shall be established.

Some of our opponents deem this question to be the root of the whole matter ; alleging that it is vain to think of coming to an agreement before we have settled what it is to which we are to be asked to agree, and whether we will agree to it. This seems to be putting the cart before the

horse, and to be really nothing but what lawyers call a "dilatatory plea."

The real root of the matter is—not the Ratio, but the admission of the principle that the two Money-metals, that is, the two metals now serving as money in the several states of the civilized world—some using one metal as their chief or standard money, and some using the other, with no link between them—should be for the future, as they were in the past, so linked together as to be, both of them, practically money throughout the world.

That is the principle of Bimetallism, a principle sanctioned by Locke, Newton, and Harris, and acknowledged to be sound and sensible by all in modern times who have really thought out the matter, and who have been willing to look into it without the bandage of prejudice over their eyes. It is the principle, remember, which prevailed in this country by the law of the land till 1816, and in spite of the law of the land for all practical purposes till 1873.

That principle once adopted, we leave all details to be dealt with "in Committee," that is to say, by diplomatic or other negotiations between the Powers who agree to the proposal and desire to embody it in a Treaty.

One of the "details," and a very important one, no doubt, is the question of the particular ratio to be fixed; and though I freely admit that it is one on which different opinions may reasonably be expressed, supported by arguments more or less cogent, I desire to give the strongest possible expression to the opinion, that the *precise figure* of the ratio is not the point of the greatest importance, any ratio being better than none. What the Bimetallic League urges is, that there should be *a* ratio—a link between the moneys of the two halves of the world. We are ready to assent to *that* ratio which can be adopted with the least international friction, and with the least national inconvenience. The paramount

advantage to all nations is, that there should be a common measure of value for all commodities and all services, so that all transactions and contracts, whether national or international, should move on the same plane; and that value expressed in money should become a faithful and just record of all obligations, however long they may be in maturing, with as little variation as the circumstances of each case will allow.

I know that an eminent statesman has said that it behoves each nation, and especially England, to make up its mind on the ratio before entering upon negotiations. But when he said that, he was not speaking as a statesman. If he had been, he would have recognised that what was to be agreed on in a congress of nations must be arranged either by unanimous desire and assent, or by mutual concession. If each nation accepting the principle should hold irrevocably to its own opinion on the details, and obstinately adhere to it, the only result would be that no treaty would be made. But it is not conceivable that any nation desiring the main object, but differing as to details, would be willing so to sacrifice the whole for a part. In former times, it was impossible so far to overcome international prejudice and international antagonism as to come to an agreement on monetary law. *Now it is possible*; and the force of events and the weight of argument are so strongly on our side, that I am sure that before long we shall see a monetary agreement between the great commercial nations an accomplished fact.

Now let us consider what would be the chief points which statesmen accepting the principle of the Bimetallic system would necessarily have to take into account, when conferring together on the ratio to be fixed between gold and silver. They would have to consider, of course, not merely what might theoretically be best, nor even what *ought* theoretically to be done; but also what (having

regard both to general and to particular national interests) would be practically possible.

So neither must we be led away, on the one hand, by theoretical correctness of this or that ratio when all factors of supply and demand are taken into account; nor, on the other hand, by the actual market price of a commodity, the demand factor of which has been arbitrarily cut off by legislative action. We ought to examine the facts, both those making for and those making against any proposal, and aim, on the one hand, at what is desirable, and on the other, at what is attainable.

It is a striking fact that the proportion between the stocks of the two precious metals used for monetary purposes, as estimated at the end of 1892, was very nearly $15\frac{1}{2}$ -1.

Thus—the stocks of money in the world existing at that date were as follows:—

Silver ...	3,480,000,000 ounces,
Gold ...	226,000,000 ounces,

and these quantities calculated at $15\frac{1}{2}$ to 1 would be expressed in sterling money:—

Silver ...	£870,000,000,
Gold ...	£880,000,000;

that is, as I have said before, nearly equal in value.

It follows that, if we count the silver, not at 5s. an ounce ($15\frac{1}{2}$ to 1), but at about 2s. 6d., its present market value, the amount of silver money in the world, as measured in gold, is less than half the gold money; but in considering the present relative market value of silver and gold, it is always to be remembered that the present gold price of silver has only been reached by an arbitrary reduction of the former monetary demand for the white metal. Moreover, it is a price which varies from day to day.

The present conditions, therefore, of the two metals are not normal; but still the fact remains that the relative market value of silver and gold is at the moment about 35 to 1, and

that there is thus a great chasm between the present market ratio and the ancient ratio ; and many proposals have been made for crossing that chasm, either wholly or to that point which may be selected by the nations as the true ratio. The proposals run on widely different lines, but all converge upon one point—the restoration of silver to its former status as a money-metal of full debt-paying power. In this the authors of all the rival proposals agree : and they are, I believe, accompanied in that desire by many who do *not* agree with the remedy which we propose for the disorders of the body politic.

I will mention first the two extremes : Some fix their minds on the present price of silver, and are quite willing, if the permanent ratio may be based on that, to join us in our efforts. Others prefer the old ratio of $15\frac{1}{2}$ to 1. Others, again, desire a compromise, a medium ratio between these two last-mentioned. And others desire a more or less arbitrary ratio, which they think may finally correspond with the relative value of the two metals. Admitting, as many do, that whatever the ratio presently adopted or ultimately aimed at, the final ratio should be reached not *per saltum*, but by very gradual steps ; some would begin at a low but arbitrary ratio, while others would begin at that indicated by the existing market price of silver, whatever it may be.

I do not propose to express on this occasion an opinion on the merits or demerits of any of these plans. You already know what I think the guiding principle to be observed. Nor will I descant on others more directly acting on silver by purchase for account of the several nations in certain definite proportions, some proposed solely with the view of raising the price of silver, and having no regard to the ultimate fixing of a ratio, and some with the intention of lessening the distance between the present price and that corresponding to the ratio which they desire to see ultimately established.

These are all ingenious suggestions, *ballons d'essai*, useful contributions to the common fund. No wise man will as yet pin his faith to either of them as the only possible solution of the question. They cannot at this moment enter into our discussion.

That a ratio should be fixed, and a dual legal tender re-established, is a matter of *national* concern, of interest to England and to every other nation, and is therefore the matter now before us. The terms of the treaty that shall bring this about, the details of the measure, the means by which it is to be carried out, and the safeguards which will have to be applied, are a matter of *international* concern, to be arranged by England in concert with other nations. Whatever ratio is adopted as the ultimate goal, and whatever the point of commencement, care will no doubt be taken, in the interests of international commerce, that the speed of the movement be as far as possible so regulated as to cause the minimum of inconvenience to traders.

The ultimate decision of the matter in all its bearings must rest entirely with the nations who propose to enter into an agreement; and the two main principles upon which that decision should be arrived at are undoubtedly these: first, what is attainable; and second, what will cause the least possible disturbance.

At the conclusion of the reading of his paper, MR. HUCKS-GIBBS said:—

Now I think I may congratulate this meeting, or rather, we, the meeting, may congratulate ourselves, on the successful issue of these two days' Conference. We have heard much that has been new and interesting to ourselves. We have heard much that will be of much greater use as information to people outside—to those people who have not taken the trouble to look into the matter, and who, I may fairly hope, will now find that it is worth their study.

I may now call upon Sir William Houldsworth to propose a vote of thanks to the Lord Mayor.

SIR WILLIAM HOULDSWORTH:—Mr. President, Ladies and Gentlemen—I am quite sure all those who have attended these Conferences these last two days will heartily join in the vote of thanks to the Lord Mayor for the kind permission which he has given us to meet in this Hall—(Hear, hear)—and I may also add that I think, and those who are on the Council think, that we are indebted to his Lordship, not only for the use of this Hall, but for the facilities which he has given us in every respect for holding these Conferences, and for the kindness with which he and his officials have treated us on this occasion. (Cheers.) We have been exceptionally fortunate in having been able to meet in this, the centre of London, and I am sure a hearty vote of thanks is due to the Lord Mayor for his kindness. (Cheers.)

MONSIEUR G. M. BOISSEVAIN:—I beg to second the vote of thanks proposed by Sir William Houldsworth, and I may add that as one of the foreign guests, it gives me the greatest pleasure to do so. If we were a geographical meeting we might be disputing that there was only one meridian—the Greenwich meridian; but as we are rather a commercial meeting, none of us, from whatever part of the world, will dispute that the meridian of the commerce of the world is the London meridian. It is the meridian that is between the Bank of England and the Mansion House. Again, I would say this, that we foreigners, when we were children, the first Englishman we ever heard of was the Lord Mayor of London; and we have been accustomed to say to our sons in our turn that if only they are intelligent, and clever, and able, and honest, and can rise in the world, we shall see them, like your Sir Richard Whittington, become Lord Mayor of London. In conclusion, I most heartily support the vote of thanks to the

Lord Mayor of this great City of London for having given the use of the Mansion House for this meeting. As a friend of the League and of the cause, I think that this meeting could not have been held under happier auspices than those under which it has been held here in the Mansion House of the Lord Mayor of London. (Applause.)

MR. HUCKS GIBBS :—The vote need hardly be put to the meeting, for I am sure you are all grateful to the Lord Mayor, and will say so. (Loud cheers.)

[*The proceedings then terminated.*]

THE ALBION TAVERN,

ALDERSGATE STREET,

Wednesday Evening, May 2nd, 1894.

ALDERMAN SIR DAVID EVANS, K.C.M.G., in the Chair.

At the conclusion of the Banquet, and after the various loyal and patriotic toasts had been proposed by the Chairman and duly honoured, and that of "the Sovereigns and Rulers of other States," THE RT. HON. HENRY CHAPLIN, M.P., spoke as follows:—

I rise with pleasure, Mr. Chairman, at your command, to propose the next toast which stands upon the list, which is, "Success to International Bimetallism"—(loud applause)—and I do not think that that toast has ever been proposed under circumstances of happier augury for the future. It has been my fortune in the past to attend various meetings of the Bimetallic League in London, Manchester and elsewhere, and I found those meetings as I do this meeting, both pleasing and instructive, as, indeed, the meetings of your League invariably are; but, to-night, Gentlemen, we have a privilege and a great advantage which was wanting upon those occasions, in the presence of a number of distinguished strangers—(loud applause)—who have come from their own countries to visit and support you upon this occasion. Some of them, like for instance, if I may presume to say so, my old friend Mr. Cernuschi, at whose feet I am proud to think that I have sat, and who was the first to teach me all I know or think I know upon this question, have been among the very founders of this creed that we profess. It may interest you, perhaps, if I tell you the story of a little incident which occurred between myself and Mr. Cernuschi, now many years ago, in Paris, when I first had the oppor-

tunity of hearing and learning his views upon this question. I had the privilege of meeting him, and we discussed this abstruse question for, I think, at least two hours, and, during that discussion, I remember well, that with that enthusiasm and that conviction of the truth of his cause by which he is distinguished, he exclaimed: "Why, it was I who first discovered the sun"—(loud laughter)—in the sense of having been the apostle of this creed; and I believe that the statement was absolutely true. But, Gentlemen, all of these strangers who are here to-night are the bearers of distinguished names, which are household words to every student of bimetallism, in this and every other country of the world. They are the heroes and the veterans of a hundred fights upon the field which you, Gentlemen, have made your own. We wish them a most hearty welcome—(hear, hear)—and I regard it for my part as a most happy omen, that they should be present upon this occasion to join with the bimetallists of England in the demand which we make again to-night in the interests of the civilized world, for an international agreement upon this vast and important question—(loud applause)—the claims of which cannot, I believe, be over-rated. But, Gentlemen, this is not by any means our only source of legitimate congratulation upon this occasion. I heard it said by a most distinguished man at our Conference at the Mansion House that, as far as he could judge, there were signs of a great change of public opinion upon this question, and I believe that that is also true. Why, Gentlemen, how long ago is it, since the time when the doctrines we profess were denounced as nonsense, simple and unadulterated nonsense, by all the Press and all the uneducated portion of the community in this country, and when advocates of these doctrines were regarded as only fitted for the interior of a lunatic asylum? That phase of ignorant and stupid folly, I am glad to think, has

passed away; but if our opponents are no longer able to continue their abuse, they are still less able to meet and to answer the arguments which are put before them. (Hear, hear.) I do not remember exactly, but I think it is something like seven years ago, since Mr. Goschen, upon a very celebrated occasion, when, under the auspices of this League, the most powerful and representative and important deputation that ever went to a Government went to Lord Salisbury and Mr. Goschen at the Foreign Office upon this question, stated in reply that, in his opinion, the time had come when our opponents, the monometallists, ought to give their reasons for the faith that was in them. (Hear, hear.) Yes! that is all very well; but it is seven years ago, and they have never done it yet. All they do is to go on mumbling some ancient Shibboleth to this effect: that you cannot regulate the price of commodities by Act of Parliament, and that it is wrong to interfere with the laws of demand and supply, being apparently up to this moment absolutely ignorant of the fact, of the very elementary fact, of our contention that probably the bimetallic theory presents at the present moment the most perfect illustration of the operation of the laws of demand and supply, and that too in an especially instructive and interesting case. Well, Gentlemen, they have been challenged again to-day, and no one I think who heard Mr. Balfour's admirable speech this afternoon—(loud applause)—and who heard also the most able statements, in which he was followed by Mr. Courtney, can deny that, as regards the first: It was as able and as reasoned as it was a charming and seductively convincing speech; and, as regards the second, that it was a masterly contribution to the controversy of to-day, which our friends the monometallists ought to answer, and to answer without delay, if, indeed, any answer is possible at all. (Applause.) For my part, Gentlemen, I confess while I heard those

speeches this afternoon, that the thought did cross my mind more than once that it was rather hard that in the present day we should be called upon to defend this very elementary proposition, which ought to be known to everyone who has any knowledge of the subject at all. As far as I know there is no one left of any eminence or position but Dr. Giffen, who denies or who repudiates the possibility of our maintaining the ratio; and there is no one but the present Chancellor of the Exchequer (Sir William Harcourt) who denies the fact of the appreciation of gold; and Sir William Harcourt, from the various speeches he has made on this question at different times in Parliament, has made it abundantly clear that he has never yet had time to give anything like adequate attention to this subject—(hear, hear)—and yet I think myself with the most profound conviction, as I have thought for many years since I first gave attention to this question, that it is in truth by far the largest, widest and most important of the questions which can possibly engage the attention of English Statesmen at the present day. With your permission I will give you, Gentlemen, two single illustrations of what I mean. The question of currency is a question which, so to speak, is *vis-à-vis* to every other question you can think of. In a sense it dominates and overrides them all. What is the question that above all others has occupied the attention of the present Parliament to the exclusion of almost everything else? Everybody knows that it is the question of Ireland and of Irish Home Rule, and yet what is it that we hear in connection with this question from the distinguished prelate who wrote a letter which was read at your Conference to-day, which will command universal approval amongst the bimetallists of the world wherever it is read? What has he told us upon this very question which so exercises the minds of Parliament and the attention of the whole United Kingdom? Why, this—that it is the

question of the currency, the question of bimetallism which lies at the very root of the whole Irish question. (Hear, hear.) I will mention to you another. It is hardly necessary for me to remind you of that unfortunate occurrence which happened in this country not very many months ago, namely:—the great Coal Strike. I suppose that it would be no exaggeration to state, either at this table or to any other meeting in the world, that that strike was probably the greatest and in many senses the most far-reaching calamity to our domestic interest that we have had to face in this country for many years. But how was it occasioned? It was brought about because the coal-owners of this country found themselves obliged to call upon their employees to take a reduction of wages, and why? Because of the great fall which had occurred in the price of coal, as in everything else. Gentlemen, this cannot be denied, and if there be any truth at all in the doctrines which we profess, and in the theory of the appreciation of gold and the fall of prices, which is only another word for the same thing, why surely then, I say, that these are questions which might occupy the minds and which ought to engage the attention and the most serious and earnest attention of those who are the rulers of the day, and who are responsible for the Government of the country. Gentlemen, I conclude as I began, because I know that this is not an occasion upon which long speeches are required, or long speeches ought even to be made. We have everything, in my opinion, to encourage us as to the success of our cause for the future, and when I remember the enormous difficulties, the long odds against us—forgive me for using an old expression connected with my Turf experiences of other days—when I remember these things I am only astonished at the enormous progress we have made. You must remember that from the first we have had against us, almost without

exception, the influence of the City and the Press. (Hear, hear.) But one great exception we have had within the last few years in the City of London, I mean the "Financial News." (Loud applause.) And I venture to say this, that the example of that able and enterprising paper will ere long be followed by many others who will be sorry that they waited for so long for the issue of events. It is impossible to over-estimate the power and enormous influences of these forces which we have had against us. I do not know—I dare not express any opinion whatever as to the future attitude of the Press with regard to this question—but with regard to the influence of the City to which I have referred as well, I venture to think that the presence of Mr. Lidderdale at this table and at our Conference to-day, is a significant and welcome indication of a possible change of opinion in that quarter. Be that, Gentlemen, as it may, I give you the toast of "Success to International Bimetallism," with every hope and with no little confidence that the aspirations of the toast will become the realities of experience in a coming and no distant future. (Loud applause.)

MONS. CERNUSCHI, Paris, said it was a great pleasure as well as a great honour to him to find himself in the midst of so distinguished a gathering of bimetallists. He thanked Mr. Chaplin with all his heart for the generous allusions which that right honourable gentleman had made to himself. He could say that all his life had been consecrated to this great cause, which was the cause of humanity. (Cheers.)

MR. ROBERT BARCLAY said:—I feel as if to-night I stood upon a new platform. I stand associated in this toast with the cause, not of the advancement of bimetallism in England only, but with the cause of International Bimetallism everywhere, and to be associated with my friend Monsieur Cernuschi is a high honor, for I must,

in common with many, acknowledge that to him, and to his writings, my first impressions on this subject were due. I think it cannot be uninteresting to this audience if I give a slight history of the rise of our cause in this country. We are all accustomed to look upon Manchester as the centre in which this cause first took its rise in England. That is to a certain extent true; but it began really in Liverpool. No one can understand the total want of enlightenment upon this subject which existed twenty, or eighteen, or even fifteen years ago. Those who know what was the state of monetary knowledge when the idea of making gold the supreme standard of the world culminated in 1867, when the learned men who then assembled took it into their heads to declare that gold should be the only standard of the world, know that there were one or two bright exceptions to that idea. One of them was our lamented friend, the late Mr. Ernest Seyd, whose son is present with us to-night; another was M. Wolowski. They and our friend, Mons. Cernuschi, very early grasped the full meaning of the tremendous change that was threatened. In the meantime America was the first to follow suit, when Germany moved in regard to getting upon a gold basis. The Americans, however, very soon found out the great blunder which they had made. Monsieur Cernuschi went to America in 1876, preaching a crusade against gold monometallism, and showing and convincing the Americans that they had made a serious blunder. In 1876, I think it was, the British Association met in Liverpool, and Monsieur Cernuschi also came there, and then came into contact with friends who were with us to-day (Mr. Samuel Smith and Mr. Stephen Williamson), and completely converted them on the subject. They became very earnest disciples. One night I thought I would look into Monsieur Cernuschi's pamphlet, "Monetary Diplomacy," and I had

not read long before a new light flashed upon me. It came upon me like a revelation, and from that day to this I have been a confirmed and determined bimetallist, and have been convinced that nothing else would bring about the relief of commerce but the carrying out of this gospel. You have been told that Mr. Hucks Gibbs went to the Conference of 1878 a monometallist, if he was anything at all. Like most Englishmen, he was utterly in the dark with regard to this question. In fact, there were no data to go upon. We had, in the year 1876, no statistics whatever with regard to the production of silver. The first rays of light came from the Silver Commission presided over by Mr. Goschen, which was convened in 1876. The Blue Book and Report of that Commission marked a great advance. There was then an attempt made to find out what were the supplies of silver and the quantity of silver in use; and if you will look into that old report you will be surprised at the wonderfully wide guesses made as to what were the supplies of gold and silver. In fact, there was previously no accurate knowledge at all.

America had been aroused to the necessity of restoring silver, and she wanted the other nations to join with her in restoring the old bimetallic system, and brought the nations together in Conference. You all know how that Conference of 1878 was regarded in England, and how incredulous and cynical, and almost offensive, were the sneers which were levelled at it. It failed, and it could not possibly do otherwise. Another Conference, this time with France joining in the invitations, met in the year 1881, and this also failed. In the meantime, America had begun to act for herself, and tried to get back to a silver basis, but had to content herself with what is well known as the "Bland Act." You know the history of that Act. It did save silver at the time. We had had in 1876-77-78 most disastrous years, but after that period, beginning with

the end of 1879, there was a spell of three or four years of very fine business. All that time silver was maintained at a comparatively high level compared with what it had been for some time before. The Conference of 1881 was a very influential one, and, but for the general satisfaction with trade in England and other places, resulting from the improvement in silver, due to the Bland Act, it might have done something; but people got easy again, they did not fear danger, and the pinch of the previous crisis having passed over, that Conference was adjourned and never met again. Coming back to our own history, in the year 1881 the idea was entertained that something must be done specially in England, and I see now before me a friend, Mr. Cotterell Tupp, who was instrumental, amongst others, in getting a meeting at the Foreign Office on 12th November, 1881, to see if something could not be done in the way of promoting an English Bimetallic Movement. That meeting was presided over by the late Mr. Edward Cazalet, and was attended by the late Sir Louis Mallet, Mr. Stephen Williamson, who was here to-day, by Mr. H. R. Grenfell and other friends, and the result was a determination to form a society in England to push on this cause, and what was known as the International Monetary Standard Association was formed, with Mr. Henry H. Gibbs as President. I was asked to become the Honorary Secretary of that Association in Manchester, and that was the beginning of our movement there. We gathered together a few friends in Manchester as a committee, including John A. Beith, Mr. Abraham Haworth, Mr. John Thomson, and a number of other friends. But there was no literature; there was really but little knowledge of the subject. We were told by opponents that we were altogether wrong. We were told to go to John Stuart Mill and the other teachers of economics, and that we would find nothing in their

writings in favour of the double standard. We in Manchester, however, felt the pinch. We were in direct contact with India, and the exchanges were falling and were most uncertain. We saw people losing their fortunes, through the continuous fall in prices going on, and were convinced that there was something wrong, although we could not answer all the objections levelled against our Cause. Mr. Thorold Rogers and Mr. Leone Levi and a whole host of men, were dead against us. We were told this bimetallism was a foreign thing, which could not be carried out; and we were dubbed, as you know, faddists and heretics in political economy. However, we fought through it all; we believed in our creed, and we pushed on, and bye-and-bye a change began to show itself in the learned world, and friends, such as the learned Professor Nicholson, who spoke to-day (applause), came to see that our views were, after all, the right views. They thought the matter out for themselves, and found that what we were saying was the truth. And, as you know, Professor Foxwell, at Cambridge and London, also came to our aid. (Applause.) We know what he has done. (Applause.) We did not make much progress; you know what difficulties we have now, and can gauge what they must have been then, and it is not wonderful that we did not make much progress with our International Monetary Standard Association. A few of us in Manchester, in consultation with our London friends, decided we must have a shorter name. The bimetallists of the Continent were known as bimetallists, and much as we disliked this name we felt we must adopt it. Some people still think it is not a good name, but it came through our friend Monsieur Cernuschi, and it has had an European application. At the time we changed the name of the League, London was the centre of the Association; but our friends in London felt so oppressed by the dead weight of hostility which was all around them,

that they expressed a wish that we should take the centre of the movement to Manchester. The result was, that the head-quarters were removed in the year 1888. At a demonstration in Manchester in that year, we started a new organization, and collected a guarantee fund of £14,000, to be spent over five years. That fund was the source of strength of the movement throughout the five years that followed. Our progress was marked by many vicissitudes, but we made good progress, notwithstanding there was much to be done. The great difficulty which we had then to meet was that the whole nation had to be converted. It was not as if a large section of the community had already understood the matter, and if we did not make more progress during those five years, it was because of the enormous magnitude of the task that we had before us. Those five years expired, and for the last two years, as you are aware, we have had to collect funds from year to year, and I rejoice to say that the progress we are making is remarkable in the highest degree. (Applause.) All we want is larger funds. The cost of an organization and propaganda such as we are working is very great. There are hundreds of centres where we ought to be at work, but we cannot work them without the support of adequate funds. I must pay a tribute here to our friend, Mr. Henry McNiel—(loud and prolonged applause)—for the greatest hit we made when we reorganized in Manchester was the securing of Mr. McNiel as our permanent secretary; and the widening of our Cause, and the progress which has been made in these years have been greatly owing to the zeal and energy and the self-devotion which he has thrown into the work. (Applause.) Now, Gentlemen, I must not detain you too long with the history of the movement, but as we have a new generation, as it were, before us, it is well that you should know the history of the movement in this country; how it began; how it has been carried on;

and how it is now proceeding. I have thought it my duty, when I had this opportunity of speaking, to employ it in making this brief sketch of the movement. As International Bimetallists, we to-night shake hands with our foreign friends, for we want to move together, and push on this glorious cause to success. (Loud applause.)

SIR W. H. HOULDSWORTH, M.P.:—Mr. Chairman, my Lords and Gentlemen,—The toast which I am about to propose is a natural sequel to the one which you have just honoured. We have drunk success to International Bimetallism, and that success can only be achieved by the co-operation of other countries with our own. (Hear, hear.) We therefore most heartily welcome here this evening our friends from other countries who are standing side by side with us in this battle, and I am quite sure you will give a most hearty reception to the toast which I propose to our foreign guests. (Applause.) Perhaps you will allow me to make an addition to that toast by adding also our Colonial guests. We are favoured this evening with a number of gentlemen from our Colonies who are also fighting the same battle. It is an especial pleasure to me to propose the toast of our foreign guests, for I have a very lively and pleasant recollection of the kindness and hospitality which were shown to me and my colleagues when we went as delegates from this country to the Conference at Brussels in 1892, not only by those who were our hosts, but by all the delegates from other countries who were present on that occasion. For whatever you may think of the result of our labours, and however the Press may have described us as a very discordant party, I can assure you in private we were a very happy family. Now this Conference which is called here in the City of London does not, of course, rank in the same order as those great international conferences which are called together by Governments; but I venture to think

that our labours will not be less useful, and I am not at all sure that the results which we achieve may not be as enduring. (Hear, hear.) International conferences seem to me to be a necessity of these times, for every year the countries of the world, from one cause or other, are being drawn closer and closer together. The intercommunications of commerce compel us to draw together. The advance of the various countries in the uncivilized portions of the globe demand that we should come from time to time to agreement with regard to delimitation of territories. We have treaties of commerce; we have treaties dealing with seal fishing, and I cannot understand why we should not have a treaty in respect of money—a subject which is perhaps of the greatest interest of all to mankind. If this monetary difficulty is ever to be settled it must be by international action, and I have the greatest pleasure in welcoming here our foreign and our colonial guests, and, in asking you to drink their health. We have, as has already been said, a number of very distinguished visitors. Some nations who are in sympathy with us—for instance, the United States—have unfortunately, from special circumstances, not been able to send us any representative. But we know that the United States are thoroughly with us, and we know also that the United States are prepared at any moment to join in an international agreement whenever the powers of Europe agree to take this step. We are honoured to-night with the great apostle of bimetalism, who has been referred to before, and to whom I think we cannot refer too often, because we younger students in this science owe him a debt of gratitude, for having first raised the flag under which we have the honour to serve, and it is to his labours in the past that we are indebted for the work we are able to do to-day. (Hear, hear.) I am glad to see we have also other repre-

sentatives from France on this occasion ; amongst others, Messieurs d'Aillières and le Baron de Ladoucette, who represent more particularly that department of industry, I understand, which my friend, Mr. Chaplin, represents so ably in this country ; and if there is one interest in the country which deserves our sympathy, and which we ought to do our best to relieve from the difficulties through which it has been struggling, it is the department of Agriculture. (Hear, hear.) I see my good friend and my kind host in Brussels, Mons. Allard, who has been long fighting the battle in Belgium, supported, I am glad to find, on this occasion by Mons. Georges de Laveleye, who bears an honoured name, which is known and respected throughout the whole world of economic science. I am glad, too, to find that we have an able representative from Germany in Dr. Arendt ; also friends from Holland, Mons. Van den Berg and Mons. G. M. Boissevain, and who did gallant service at the Brussels Conference, and without whom the other bimetallist delegates would have had but a poor chance. I also find many eminent economists here who, as Mr. Barclay has said, support us in theoretical questions which some of us perhaps are not so competent to deal with. We are indebted to them for their writings, and I would specially refer to one, M. Thèry, whose late work, I am glad to hear, is being extensively read in England, and is highly appreciated. (Hear, hear.) I would like also to include in this toast our friend Mr. Murray, who represents Australia, for I know from a conversation I have had with him that he is going to bring forward some new facts to support our cause, which will be of very great value. We have another gentleman, Mr. Macdonald, who comes from New Zealand, also present with us. Indeed, the whole world may now be said to be joined together in a determination that we shall have an International Bimetallic Agreement. Under these circumstances

I have the greatest pleasure in proposing the health of our foreign and colonial guests. (Loud applause.)

MR. GEORGES DE LAVELEYE, Brussels, said it afforded him all the more pleasure to respond to this toast, inasmuch as he had to acquit himself of a long-standing debt. While acting as secretary of the Brussels Conference, in the winter of 1892, he had been chained to his desk and to his official work, and it had been impossible for him to tell Sir William Houldsworth and the other bimetallists who were labouring so earnestly and indefatigably for the cause, as he could tell them now, how heartily he sympathised with their efforts, and how much he admired the manner in which they upheld the banner of international bimetallism. (Cheers.) It was, moreover, a great pleasure to himself and the other continental bimetallists to see at close quarters the work that was being done and the progress that was being made in this cause, which was the cause of labour in all its forms. (Cheers.) There were other great problems involved in this struggle, notably that of free trade—another far-reaching movement, which had also been cradled in Manchester. (Cheers.) He believed they would see the teachings of that famous school triumph towards the close of the nineteenth century. Universal free trade and international bimetallism was a beautiful ideal, and one which he hoped would be speedily realised. (Loud cheers.)

THE BARON DE LADOUCETTE, Paris, gave an account of the progress of the movement in France, and stated that he and the other French bimetallists who had attended the Conference had been charmed with all they had heard as to the advancement of the cause in England. They were particularly pleased to note among those present at this banquet an ex-Minister of Agriculture, whose name was well known on the other side of the Channel, and he hoped

they would soon have an International Bimetallic League which would hold out the right hand of fellowship to all who were labouring in the cause, and that the association thus called into existence would in the end triumph over all the obstacles against which they had now to contend. (Cheers.) Bimetallists on the other side of the Channel were most anxious to see the movement prospering in England, and were prepared to fight hand in hand with their British colleagues for the triumph of their principles. (Cheers.) The prosperity both of agriculture and of commerce was involved in the struggle. (Cheers.) He believed their success in the near future would be so great that they would be obliged to go to the Crystal Palace to hold the next bimetallic banquet. (Cheers.)

M. D'AILLIÈRES, Paris, heartily thanked the promoters of this gathering for the welcome that had been extended to the representatives of French agriculture. They would, he said, carry away from this splendid Conference a lively recollection of the speeches that had been delivered by eminent public men who had shown so clearly and forcibly that the question was one in which no one who was interested in the welfare of the people at large could cease to take an active part. (Cheers.) This peaceful war was one in which all interested in the welfare of their country or of the world at large must actively engage, for the question affected the interests of the working classes of all the nations of the world. (Cheers.) It especially affected the agricultural interest, and in the French Parliament, to which he had the honour to belong, all who represented that interest were now beginning to realise the issues involved. The problem could only be solved by international action, and it was to secure that result that their labours should be directed. The cause which they defended was a noble one. It was the cause of the labourer, the cause of the producer ; it was a just cause and a great cause, and it was bound to triumph. (Cheers.)

DR. OTTO ARENDT, Berlin, who also responded, expressed the conviction that the course of international bimetallism would triumph at no distant date, and that this banquet was only the forerunner of another at which they would all meet again, not to encourage each other in the fight, but to celebrate the victory of their cause. (Cheers.)

MR. G. M. BOISSEVAIN :—Mr. Chairman and Gentlemen,—I think it rather too late in the evening to make a long speech, but I avail myself with the greatest pleasure of the time that is given to me to thank our hosts of this day for the splendid meeting and the splendid banquet they have given us. I, for my part, can say that the more I have seen of England, and the more I have learnt to know Englishmen, the more I sympathise with England, and the more I sympathise with Englishmen, and the more, I may say, I love them. I have to thank those gentlemen that I come here with so much pleasure, and I think that this meeting and this banquet are a real English meeting and a real English banquet. I said to myself what has been said by others—I cannot forget Gentlemen, that we are standing here on the sacred ground of free trade, but at the same time I remember having read a few years ago a very interesting work by Sir Louis Mallett, consecrated to the memory of his friend, Mr. Richard Cobden, and he, in that book, tells us what were his aspirations and what were his hopes of the future ; and when I read that book, I thought it was very touching to compare what they expected then, and what was the actual aspect of affairs on the Continent then. Almost nothing remained of that movement for free trade which was started at that time by Mr. Richard Cobden. But now I think we are on the eve of seeing what he expected being fulfilled—(hear, hear)—and certainly nothing could be more effective for that purpose than bimetallism and free trade.

What do we have if we have not free trade? What is more necessary for trade than to have one standard for the whole world? I think that nothing will be of greater help to free trade than bimetallism. Thanking you for the kind reception which you have given us, allow me to bring free trade and bimetallism together in my reply, and to say I think that as nothing shews the greatness of England better than free trade in the past, so nothing will shew it better in the future than free trade and bimetallism united.

MR. ARTHUR McDONALD (of Dunedin, New Zealand) : Mr. Chairman and Gentlemen,—It gives me great pleasure to be here this evening, and to tell you that a branch of the League is about to be formed in the Colony from which I come. The interest of New Zealand is very much wrapped up in this question of bimetallism. She is a producing colony, and as such she is interested very much in anything that interferes with prices. She is also interested very much in anything that interferes with fixed debts. She owes to this country some £68,000,000, owned by some 650,000 people; she spends upon that debt some three-and-a-half millions per annum for interest. Her exports are many millions a year, and her imports something over six millions a year; and to pay the interest upon the debt, the whole interest upon the imports is not only swept away, but there is a considerable deficit to be accounted for. There is no doubt that that deficit is made up in different ways when the different value of imports is estimated as compared with exports. I forbear saying more, Gentlemen, although I might speak on this subject for a week or a month. I will only say I am thankful to you for having listened to me, and I hope later on to have an opportunity of saying more on this very interesting and important subject.

SIR HENRY MEYSEY-THOMPSON, M.P. :—Mr. Chairman and Gentlemen,—We all have our little vanities, and one of mine is, that I am a practical man. Now, what we have got to do practically in this matter is, to convince the voters of this country. (Hear, hear.) As soon as we have convinced the voters we have convinced the Ministries; and when we have convinced an English Ministry, we have convinced England; and England will convince the world. Now, in my own small way, I have been engaged in trying to convince my own constituency. I have the honour of representing almost the largest single constituency in England. I believe after the revision which is proposed we shall have 18,000 electors, and being in South Staffordshire, close to Birmingham, we combine nearly all the industries of the known world. I have within the last month been holding a great many meetings, and I have had a certain success on this question of bimetallism; and I have been helped to this success by the fact that, in one of our most important districts, which is suffering from depression of trade, almost the only establishment which is prospering is a firm of engineers, who are making machinery which is sent to the East for the express purpose of manufacturing things which we are now manufacturing ourselves for the people of the East. I was speaking on this subject only last night in Staffordshire, and I told my audience, as I tell you now, that I believe if our eyes could see far enough, and our ears could hear keenly enough, we should at this moment (for it is now light in the East) hear a clang of machinery and see multitudes of people, Chinamen, Japanese, Indians, and other Easterns going to their work and producing cotton and iron; and we should see iron foundries and iron furnaces at work, and the digging of coal and spinning of cotton, and the producing of cordage, and a lot of small industries, such as the manufacture of soap and Portland cement, and things of that

sort going on—industries which we have carried on for their benefit for many years, and which, if this silver question had not existed, we should have been carrying on for them still. I pointed out to the voters of that part of the country, that for every man unnecessarily employed there, there is a man unemployed in England. (Hear, hear.) You know the voter can understand that. But though I am willing to give my best endeavours in the good work, yet I cannot help feeling that, as one gets older one's strength and one's health is found to be limited ; and thus I wish to enlist in this cause abler brains than my own, and I have, therefore, decided to offer a prize, and I am now going to tell you the conditions of this prize:—I offer a bimetallic prize of a silver cup or silver plate, value £25, and £25 in sovereigns, for the paper which points out most clearly and plainly--

1. The great loss and injury which is being inflicted on the producers of this country by the extraordinary rise in the value of gold as compared with that of silver during the last twenty years, consequent on changes in the laws regulating the use of gold and silver as money in various countries.

2. The immense temptation and inducement which this rise in the value of gold holds out to capitalists in silver-using countries to develop their coal mines and to erect machinery for the purpose of supplying themselves and other silver-using countries with the manufactured articles which this country has for long been in the habit of supplying them with.

- (a.) When the result of this rise in the value of gold has been a rise in the silver price of our manufactures.

- (b.) When the result has been a fall in the gold price of them.

3. That in the competitive manufacturing industries of the world this divergence of value between gold and silver

must inevitably lead to the substitution of the cheap labour of silver-using countries for the more highly-paid labour of gold-using ones ; a substitution which is already rapidly taking place, and which, unless some international agreement is come to at once, must lead to the ruin of many of our industries, and the throwing out of employment of tens of thousands of our workmen.

All the papers must be in English, and either printed or type-written, and be sent in before the 30th September, 1894, to Sir Henry Meysey-Thompson, M.P., Kirby Hall, York.

No paper must exceed in length twelve pages of the "Nineteenth Century Review."

[The right is reserved to Sir Henry and to the Bimetallic League to publish or reprint all or any part of the article which wins the prize in any form they please, without any further payment to the author of it.]

Now I will only say further that my object in offering the silver cup as part of the prize is, because there may be gentlemen who do not care to compete for money prizes who would like to compete for the prizes in the shape of silver plate ; and of course if the winner likes to take the whole £50 in silver plate, he is welcome to do so, or if he likes to take it all in sovereigns, he is equally welcome to do so. I can only say further that I hope all those present will compete ; I cannot hope that they all will win the prize, but I hope one of them will be the winner of it. (Loud applause.)

THE RIGHT HON. WILLIAM LIDDERDALE, in complimentary terms, proposed the health of the Chairman, which was drunk with much enthusiasm.

SIR DAVID EVANS :—Mr. Lidderdale and Gentlemen,—I need scarcely say how much gratified I am at the very kind manner in which you have referred to me to-night, and how grateful I am to you, Gentlemen, for the very

kindly manner in which you have received the toast connected with my name. I regret exceedingly that the Chief Magistrate, the Lord Mayor, was unable to preside on this occasion. I am therefore the acting Lord Mayor, and of course in that capacity I must be exceedingly careful as to what I say to-night, lest I commit the Lord Mayor, and if I commit the Lord Mayor I should run a danger of committing the citizens as well ; but, speaking for myself personally, when I entered the Conference this morning, certainly it was not the first time that I had given this subject of yours my consideration, but I took the chair this morning with an open mind. I doubt very much now, having attended the Conference, whether my mind is altogether open. I do not think I will say very much more on that subject, except this : that you may be assured of one thing, that for all your future meetings that may be convened in the City of London, you will find the present Lord Mayor's successors will be ready to receive you, and give you every facility to ventilate this great question of yours, and I wish you all possible success. (Loud cheers.)

The proceedings then terminated.

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OFFICIAL STATEMENT OF THE BIMETALLIC LEAGUE.

UNTIL the year 1873 the ratio at which gold and silver were interchangeable was steady, because the Mints of France and other European countries were open to all the world for the unlimited coinage of both metals on the fixed basis of $15\frac{1}{2}$ ozs. of silver to 1 oz. of gold.

* It may be stated generally that during the last century the national unit of coinage which constituted the standard of value in the principal countries practically rested on both metals, silver being usually the nominal standard with gold rated to it, at the discretion of each Government.

In the United Kingdom, from 1717 to 1816, this system prevailed, the ratio of gold to silver having been fixed at 1 to 15'21.

In the United States of America the joint gold and silver standard was originally adopted in 1786 with a ratio of 15'25 to 1; changed in 1792 to 15 to 1, and in 1834 to 16 to 1.

In 1803 the joint standard, with a ratio of $15\frac{1}{2}$ to 1, was definitely adopted by France, and in 1865 the formation of the Latin Union, ultimately consisting of France, Italy, Belgium, Switzerland, and Greece, extended and confirmed it.

Owing to this, the par of exchange between gold and silver standard countries kept practically uniform, and silver, as fully as gold, performed the functions of money throughout the world.

The action of England in 1816, in adopting the single gold standard, did not disturb the steadiness of the ratio between the two metals, so long as the Continental mints remained open to the unrestricted coinage of silver; but when Germany, which had previously had a silver standard, in 1873 introduced a single gold standard, the old equilibrium was destroyed, because

* This and the three following paragraphs are from the note appended to the "Final Report of the Royal Commission on Gold and Silver," by the Right Hon. Sir Louis Mallet, C.B., one of the Royal Commissioners.

1894.

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France and the other bimetallic countries, in view of the heavy sales of silver made by Germany, suspended their free coinage.

This action caused the price of silver, as quoted in gold, to fall, and it (the gold price of silver) has since fluctuated violently, affecting all international exchanges between silver standard and gold standard countries. In the case of India, the rupee, formerly worth about 2s., has gradually dropped to 1s. 3½*d.* in English money, with increasing uncertainty as to its prospective exchangeable value as against gold.

The substitution of gold for silver, and the greater amount of exchange work that is in consequence thrown upon gold, has led to the "appreciation" of that metal, and to a fall in prices of commodities, as measured in gold, which is everywhere visible, and everywhere baneful in its effects upon commerce, upon manufacturing and agricultural industry, and upon the growth of employment necessary to provide work for our rapidly increasing population.

Whenever the London money market is distressed and perplexed by the withdrawal of even small quantities of gold, and by apprehensions as to further demands, coupled with serious doubts as to the sufficiency of future supplies of that metal, the necessity of fixing an international ratio between gold and silver so as to make both metals available for bank reserves becomes strikingly apparent. This would provide an adequate supply of money available for international purposes and for the internal transactions of the kingdom. Grave danger would thus be averted.

The aim of the Bimetallic League, as already mentioned, is to secure, by international agreement, the opening of the mints of the leading commercial nations to the unrestricted coinage of silver and gold at such fixed ratio as may be mutually agreed upon amongst those nations. By this means a par of exchange would be secured; the two metals would again acquire an international character as money, and would move freely from nation to nation according to the monetary requirements of the various markets, whilst prices and wages in all countries would be adjusted by a uniform standard.

Convinced of the evils resulting from existing conditions of our monetary system, and of the hindrance to trade and agriculture,

which are largely due to the disturbed relation between gold and silver, we appeal to everyone for co-operation in carrying out the objects of the League.

There is every encouragement to press the matter, seeing that the United States of America, France (with the other States of the Latin Union), Germany, and Holland are willing to co-operate.

These Powers, it is known, will not move without England, and, under an erroneous conception of the advantages of a single gold standard, this country has hitherto stood aloof.

The final Report of the Royal Commission on Gold and Silver was, however, of a character so favourable to the cause advocated by the League that the question is now thoroughly ripe for settlement, and the recent public declaration by Mr. Leonard Courtney (one of the Commissioners who had signed Part 2), that he is now of opinion that International Bimetallism is both desirable and practicable, strengthens the case for monetary reform.

It is advisable, therefore, that the facts of the case may be made widely known throughout the country, in order to bring the force of public opinion to bear upon Parliament and upon the Government, so that England, instead of being a barrier in the way of an International Convention, may take her due share in the settlement of a question so vital to the well-being of the Empire, so essential to the interests of British and Irish agriculture, and of Commerce everywhere, and to the financial stability of India.

Any further information concerning the League may be obtained from the General Secretary, Henry McNiel, F.S.S., 26 Lombard Street, London, E.C., who will also acknowledge subscriptions and donations.

Information may also be obtained from the Manchester Offices of the League, Haworth's Buildings, 5 Cross Street, Manchester, and from any of the local hon. secs.

The League comprises ordinary members and associate members, the annual subscription of the former being One Guinea, and the latter 2s. 6d. Cheques to be made payable to the General Secretary.

All publications of the League are delivered free to ordinary and associate members.

EXTRACTS FROM THE FINAL REPORT OF THE
ROYAL COMMISSION ON GOLD AND SILVER, 1888.

PART I. (*Signed by all the Members of the Commission.*)

Sec. 115. "The remedy which has been put before us most prominently and as most likely to remedy the evils complained of to the fullest extent possible, is that known as Bimetallism."

Sec. 186. "It must be borne in mind that in the case of other commodities (than gold and silver) the effect of changes in the supply and demand is both more marked and more immediate. These commodities are generally produced for the purpose of consumption at an early date or within a comparatively short period. The supply at any time available for the market, or capable of being placed on it at short notice, is therefore a very important element in the process by which its value is fixed.

"The precious metals, on the other hand, are but to a slight extent consumed, and the available supply consists of the accumulations of previous years.

"It follows, therefore, that in their case a diminution or an increase in the new supply is of less importance than in the case of consumable articles, and that an increase or diminution in demand has also a smaller effect. The important consideration with regard to them at any one moment is rather the relation between the total stock then in existence and the then existing demands upon it."

Sec. 189. "Looking, then, to the vast changes which occurred prior to 1873 in the relative production of the two metals without any corresponding disturbance in their market value, it appears to us difficult to resist the conclusion that some influence was then at work tending to steady the price of silver, and to keep the ratio which it bore to gold approximately stable."

Sec. 190. "Prior to 1873 the fluctuations in the price of silver were gradual in their character, and ranged within very narrow limits. The maximum variation in 1872 was $\frac{5}{8}d.$, and the average not quite $\frac{5}{18}d.$, while in 1886 the maximum was $2\frac{9}{18}d.$, and the average nearly $1\frac{1}{8}d.$ It has not been, and indeed hardly could be suggested that this difference can be accounted for by changes in the relative production or actual use of the two metals."

Sec. 191. "The explanation commonly offered of these constant variations in the silver market is that the rise or depression of the price of silver depends upon the briskness or slackness of the demand for the purpose of remittance to silver-using countries, and that the price is largely affected by the amount of the bills sold from time to time by the Secretary of State for India in Council.

"But these causes were, as far as can be seen, operating prior to 1873, as well as subsequent to that date, and yet the silver market did not display the sensitiveness to these influences from day to day and month to month which it now does."

Sec. 192. "These considerations seem to suggest the existence of some steadying influence in former periods, which has now been removed, and which has left the silver market subject to the free influence of causes, the full effect of which was previously kept in check. The question, therefore, forces itself upon us :—Is there any other circumstance calculated to affect the relation of silver to gold which distinguishes the latter period from the earlier ?

"Now undoubtedly, the date which forms the dividing line between an epoch of approximate fixity in the relative value of gold and silver and one of marked instability, is the year when the bimetallic system which had previously been in force in the Latin Union ceased to be in full operation ; and we are irresistibly led to the conclusion that the operation of that system, established as it was in countries the population and commerce of which were considerable, exerted a material influence upon the relative value of the two metals.

"So long as that system was in force we think that, notwithstanding the changes in the production and use of the precious metals, it kept the market price of silver approximately steady at the ratio fixed by law between them, namely $15\frac{1}{2}$ to 1."

Sec. 193. "Nor does it appear to us *a priori* unreasonable to suppose that the existence in the Latin Union of a bimetallic system with a ratio of $15\frac{1}{2}$ to 1 fixed between the two metals should have been capable of keeping the market price of silver steady at approximately that ratio.

"The view that it could only affect the market price to the extent to which there was a demand for it for currency purposes in the Latin Union, or to which it was actually taken to the mints of those countries, is, we think, fallacious.

"The fact that the owner of silver could, in the last resort, take it to those mints and have it converted into coin which would purchase commodities at the ratio of 15½ of silver to 1 of gold, would, in our opinion, be likely to affect the price of silver in the market generally, whoever the purchaser and for whatever country it was destined. It would enable the seller to stand out for a price approximating to the legal ratio and would tend to keep the market steady at about that point."

PART II.

*Signed by six Members of
the Commission.*

Lord HERSCHELL, G.C.B.
Rt. Hon. LEONARD H. COURTNEY, M.P.*
Lord FARRER.
Sir. C. W. FREMANTLE, K.C.B.
Rt. Hon. Sir JOHN LUBBOCK, Bart., M.P.
Mr. J. W. BIRCH.

Sec. 9. "However much opinions may differ as to the extent of the evil arising from the increased difficulty which a fluctuating exchange interposes, we do not think its reality is open to question."

Sec. 101. "There cannot be two opinions as to the very serious effect which the continued fall in the gold price of silver has had on the finances of the Government of India."

Sec. 102. "We are fully impressed with a sense of the difficulties which surround the Indian Government, and of the serious questions to which any proposed additional tax must give rise. It is not only the embarrassment which has already been caused to the Government of India that has to be borne in mind, but the impossibility of foreseeing to what extent those embarrassments may be increased, and their difficulty augmented, by a further depression in the value of silver."

Sec. 107. "We think that in any conditions fairly to be contemplated in the future, so far as we can forecast them from the experience of the past, a stable ratio might be maintained if the nations we have alluded to† were to accept and strictly adhere to bimetallism, at the suggested ratio. We think that if in all these countries gold and silver could be freely coined, and thus become exchangeable

* In an Article in the "Nineteenth Century," for April, 1893, Mr. Courtney says:—Five years ago I joined with my friends in deprecating any attempt to establish an international agreement for the free coinage of both gold and silver as standard money. I have advanced with further experience and reflection to the belief that such agreement is to be desired, and that it could be accomplished, with the minimum of change and with great advantage to the Empire and the world on the conditions I have suggested" (in the Article).

† The United Kingdom, Germany, the United States and the Latin Union.

against commodities at the fixed ratio, the market value of silver as measured by gold would conform to that ratio, and not vary to any material extent."

Sec. 119. "Apprehensions have been expressed that if a bimetallic system were adopted gold would gradually disappear from circulation. If, however, the arrangement included all the principal commercial nations, we do not think there would be any serious danger of such a result.

"Such a danger, if it existed at all, must be remote. It is said, indeed, by some, that if it were to happen, and all nations were to be driven to a system of silver monometallism, the result might be regarded without dissatisfaction.

"We are not prepared to go this length, but at the same time we are fully sensible of all the benefits which would accrue from the adoption of a common monetary standard by all the commercial nations of the world, and we are quite alive to the advantage of the adoption by these nations of a uniform bimetallic standard as a step in that direction."

PART III.

*Signed by the other six
Members of the Commission.*

{ Rt. Hon. Sir LOUIS MALLET, C.B.
Rt. Hon. A. J. BALFOUR, M.P.
Rt. Hon. HENRY CHAPLIN, M.P.
Sir D. BARBOUR, K.C.S.I.
Sir W. H. HOULDSWORTH, Bart., M.P.
Sir SAMUEL MONTAGU, Bart., M.P.

Sec. 28 "We think that the above remarks upon the evils affecting both the United Kingdom and India, if taken in connection with the more detailed statement in Part I. of the report, will sufficiently indicate our view as to their nature and gravity; and that they are largely due to the currency changes which have taken place in the years immediately preceding and following 1873.

"We think that too much stress cannot be laid upon the novelty of the experiment which has been attempted as the result of the above changes. That experiment consists in the independent and unregulated use of both gold and silver as standards of value by the different nations of the world.

"We are strongly of opinion that both metals must continue to be used as standard money; the results of using them separately and independently since 1873 have been most unsatisfactory, and may be positively disastrous in the future.

"It cannot be questioned that until 1873 gold and silver were always effectively linked by a legal ratio in one or more countries.

"It is equally indisputable that the relative value of the two metals has been subject to greater divergence since 1874 than during the whole of the 200 years preceding that date, notwithstanding the occurrence of variations in their relative production more intense and more prolonged than those which have been experienced in recent years."

Sec. 29. "In 1873-74 the connecting link disappeared, and for the first time the system of rating the two metals ceased to form a subject of legislation in any country in the world.

"The law of supply and demand was for the first time left to operate independently upon the value of each metal; and simultaneously the ratio which had been maintained, with scarcely any perceptible variation, for 200 years, gave place to a marked and rapid divergence in the relative value of gold and silver, which has culminated in a change from 15½ to 1 to 22 to 1."

Proposed Remedy.

Sec. 30. "It appears to us impossible to attribute the concurrence of these two events to a merely fortuitous coincidence. They must, in our opinion, be regarded as standing to each other in the relation of cause and effect.

"We cannot, therefore, doubt that if the system which prevailed before 1873 were replaced in its integrity, most of the evils which we have above described would be removed; and the remedy which we have to suggest is simply the reversion to a system which existed before the changes above referred to were brought about; a system, namely, under which both metals were freely coined into legal tender money at a fixed ratio over a sufficiently large area.

"The effects of that system, though it was nominally in force only within a limited area, were felt in all commercial countries, whatever their individual systems of currency might be; and the relative value of the two metals in all the markets of the world was practically identical with that fixed by the legislation of the countries forming the Latin Union.

"As regards the possibility of maintaining such a system in the future, we need only refer to the conclusion at which our

colleagues have arrived in Sec. 107, Part II. (see above), and in which we entirely agree.

"No settlement of the difficulty is, however, in our opinion, possible without international action."

Sec. 43. "The remedy which we suggest is essentially international in its character, and its details must be settled in concert with the other Powers concerned.

"It will be sufficient for us to indicate the essential features of the agreement to be arrived at, namely—

(3) Free coinage of both metals into legal tender money ;
and

(2) The fixing of a ratio at which the coins of either metal shall be available for the payment of all debts at the option of the debtor."

Sec. 35. "The particular ratio to be adopted is not, in our opinion, a necessary preliminary to the opening of negotiations for the establishment of such an agreement, and can, with other matters of detail, be left for further discussion and settlement between the parties interested.

"We, therefore, submit that the chief commercial nations of the world, such as the United States, Germany, and the States forming the Latin Union, should in the first place be consulted as to their readiness to join with the United Kingdom in a conference, at which India and any of the British Colonies which may desire to attend should be represented, with a view to arrive, if possible, at a common agreement on the basis above indicated."

Sec. 36. "We have indicated what appears to us to be the only permanent solution of the difficulties arising from the recent changes in the relative value of the precious metals, and the only solution which will protect this and other countries against the risks of the future."



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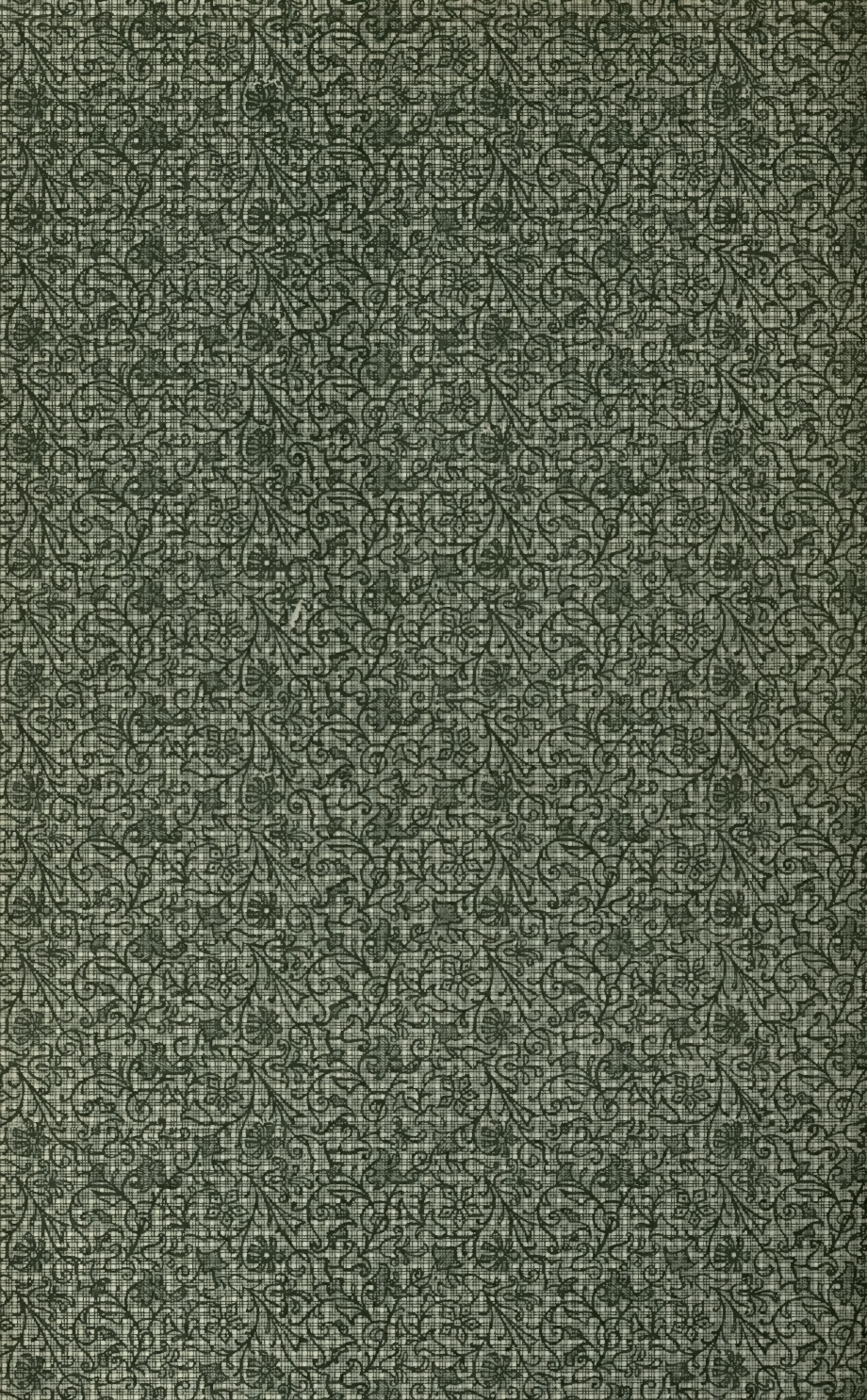
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